



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

THIS IS THE BEGINNING OF MUR # 4507

DATE FILMED 3/11/98 CAMERA NO. 2

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The Minnesota  
**Democratic-Farmer-Labor Party**

State Central Committee

**Mark Andrew, Chair**     **Gail Huntley, Associate Chair**

352 Wacouta Street, Saint Paul, Minnesota 55101  
Phone 612-293-1200 Toll Free 1-800-999-7457 Fax 612-293-0706

Oct 11 1 00 PM '96

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

MUR 4507

October 10, 1996

Lawrence M. Noble, Esq.  
General Counsel  
Federal Elections Commission  
999 E. Street, N.W.  
Washington, DC 20463

Re Complaint against the NRSC, People for Boschwitz, and Arthur Finkelstein

Dear Mr. Noble:

This letter constitutes a complaint against the National Republican Senate Campaign, People for Boschwitz, and Arthur Finkelstein (collectively "Respondents") alleging violations of the Federal Elections Campaign Act of 1971, as amended ("FECA" or the "Act") 2 U. S. C. §§ 431 et esq., and related regulations of the Federal Election Commission ("FEC" or the "Commission"), 11 C F R. §§ 100.1 et. esq.

Background: Connections Between NRSC and People for Boschwitz

At the beginning of October, 1996, Respondents began running two, supposedly separate, ad campaigns against Senator Paul Wellstone and his reelection campaign. People for Boschwitz ("Boschwitz") funds one ad campaign, while the National Republican Senatorial Campaign ("NRSC") funds the second. Respondents claim the advertisements are separate campaigns, created and funded independently.

However, the NRSC and Boschwitz ads are strikingly similar in many respects. While one ad claims "Wellstone even voted twice to let violent criminals out of jail before they serve 85% of their sentences" (NRSC, "Crime"), an independent expenditure ad asserts, "liberal Paul Wellstone voted to allow violent criminals out of jail before they serve 85% of their sentences (NRSC Independent Expenditure, "Crime Solution"). [T]he solution to our crime problem," one independent expenditure ad proclaims, is "keeping criminals in jail" (NRSC Independent Expenditure, "Crime Solution"). Another commercial tells watchers to "[t]ell Paul Wellstone to stop siding with the liberals and to

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October 10, 1996

Page 2

keep violent criminals in jail, where they belong." (NRSC, "Crime"). These two ads are almost identical, yet the NRSC claims they were created independently without discussion or cooperation with Boschwitz at any time during the campaign. Other commercials concerning the Boundary Waters issue refer to "Wellstone and his liberal allies" (NRSC Independent Expenditure, "Why"), while others charge that "Wellstone sides with the liberals." (NRSC, "Fight").

Other ostensible coincidences in the campaigns occur continuously. Recently, an NRSC press secretary working for the independent expenditures section called Wellstone "embarrassingly liberal" in a newspaper interview. (See "DFL files complaint over Grams mailing," Duluth News Tribune, Oct. 2, 1996). The same "embarrassingly liberal" tag line has been used by both People for Boschwitz advertisements ("Arms", "Hall of Fame", "Paul's Friends") and by Rudy Boschwitz during a debate (Chamber of Commerce Debate, Sept. 16, 1996). Upon further investigation, it may well, even predictably, appear that the connection between the campaigns may be forged through their use of the same political strategist, Arthur Finkelstein. According to a recent Time magazine article, Finkelstein works for both People for Boschwitz and the NRSC. (See "The Mystery Man Who Inspired Dole's Latest Strategy," Time Oct. 7, 1996).

#### Law

In Colorado Republican Campaign Committee v. FEC, 116 S. Ct. 2309 (1996) the Supreme Court held that political parties may make unlimited expenditures on behalf of their candidates if the expenditures are wholly independent of their candidates. The Court stated that an expenditure would be considered independent when the expenditure "was developed independently, and not pursuant to any general or particular understanding." 116 S. Ct. at 2315. In that decision, the Court did not disturb the existing limits on "coordinated expenditures" or contributions to candidates from their parties.

"Independent expenditures" are defined as expenditures made "without cooperation or consultation with any candidate, or any authorized committees or agent of the candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate." 2 U.S.C. § 431 (17). FEC regulations provide that an expenditure is made in cooperation with a candidate when there is

(1) Any arrangement, coordination, or direction by the candidate of his or her agent prior to the publication, display, or broadcast of the communication. An expenditure will be presumed to be so made when it is

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(A) Based on information about the candidate's plans, projects, or needs provided to the expending person by the candidate, or by the candidate's agents, with a view toward having an expenditure made:

(B) Made by or through any person who is, or has been, authorized to raise or expend funds, who is or has been, an officer of an unauthorized committee, or who is, or has been receiving any form of compensation or reimbursement from the candidate, the candidate's committee or agent.

11 C.F.R. §109.1(b)(4).

If a contribution from a political party is not an independent expenditure, under section 441a(d) of the Act and section 110.7(c) of the FEC regulations, it must count against the prescribed contribution limits and be reported to the FEC. As the Supreme Court recognized in Colorado Republican, Justice Kennedy state that when considering whether a party's spending is made in cooperation with its candidate, the "answer in most cases will be yes." 116 S. Ct. at 2322 (Kennedy, J. concurring in part and dissenting in part, joined by Rehnquist and Scalia).

The NRSC would have knowledge of the candidate's "plans, projects, or needs," since political parties exist primarily to elect their candidates and that these advertisements would be considered coordinated contributions. However, Respondents claim that many of the NRSC funds supporting Boschwitz are "independent expenditures" made without any form of cooperation, contact, or discussion between the two campaigns.

Inescapable "Coordination" Between Party and Candidate

The FEC, however, has consistently held that almost every expenditure by the party committees can be considered a coordinated contribution, not an independent expenditure. In FEC Matter Under Review (MUR) 2842, the Commission found advertisements made by one Congressman for another's presidential candidacy were coordinated. More importantly, the Commission determined that "the fact that there may have been no specific or explicit discussion of the particular advertisements at issue is not controlling." See General Counsel's Report at 13 FECMUR 2841 (June 2, 1992). See also General Counsel's Report FECMUR 2679. Even more recently, following Colorado the FEC's General Counsel reasserted this stance in Draft Advisory

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Opinion 1996-30, stating that, although a party committee may not have discussed a specific expenditure with a candidate, the relationship developed at this stage of the cycle between party and candidate requires that the expenditures would be considered coordinated contributions subject to FEC limits

Chinese Wall

Respondent claims, nonetheless, that the expenditures are wholly independent because of the precautions they have taken to ensure complete separation of the campaigns. They claim to have erected a "Chinese" or "Steel Wall" between the NRSC office and the independent expenditure section, including the establishment of an off-site office to handle the independent expenditures. However, this new unit has only recently been established and segregated from the rest of the organization. For virtually 5 of the 6 years of this election cycle, until late this year, NRSC was fully involved in all aspects of the candidates' campaigns. "Chinese Walls" do not purge interests. See United States v. Davis 780 F. Supp. 21, 23 (D.D.C. 1991). In Davis, the Court held a "Chinese Wall" between attorneys will not eliminate the potential for a conflict of interests within a law firm. The same situation exists in this case. Given the nature of publicity in the political process, it seems almost impossible to expect a unit of a political organization to be completely unaware of the goings-on in the rest of the organization.

Actual Coordination Through Arthur Finkelstein

The Code also addresses independent expenditures and common agents in section 109.1(4)(5), stating that an expenditure is coordinated when it is "made with the cooperation or with the prior consent of, or in consultation with any person... who is... receiving any form of compensation from the candidate." In this instance, Arthur Finkelstein may have coordinated the advertising campaigns of Respondents, acting as political consultant to both campaigns at the same time.

The Commission has addressed this situation several times. In advisory Opinion 1982-20, the Commission stated that, although a company buying commercial time may work for an independent expenditure company and a candidate's campaign committee, the independent nature of any subsequent expenditure may be challenged. A similar situation existed in Advisory opinion 1979-80, when the Commission held the use of a third party in preparing campaign materials for both a candidate and an independent expenditure organization may compromise the independent nature of the expenditure.

Courts have also indicated that when a common political consultant works for a political committee and a candidate committee, coordination may be

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October 10, 1996

Page 5

assumed. See Federal Election Commission v. National Conservative Political Action Committee 647 F. Supp. 947 995 §§§ (S.D.N.Y. 1986). That particular case also involved Arthur Finkelstein working for two, seemingly separate campaigns: a Senate candidate and NCPAC. "Finkelstein's central roles in both the ... efforts, the obvious coordination between the two efforts, their shared goals and parallel strategies ... together demonstrate an impermissible degree of coordination" FEC v. NCPAC 647 F. Supp. at 995. In the present instance, Finkelstein works for a Senate candidate and a national political committee, and the degree of coordination is still impermissible.

Conclusion

The law clearly states that independent expenditures are made without cooperation or coordination with any candidate or agent of that candidate. Because of the extensive coordination between the campaigns, the NRSC ads cannot qualify as independent expenditures under the FECA and must be reported as coordinated contributions under section 441a(d) of the Act, and count against the contribution limits. In failing to report these contributions by disguising them as independent expenditures, Respondent willfully violated section 110.7(c) of the FEC regulations.

In light of these violations, the Commission should conduct an immediate investigation. Based upon the investigation, the undersigned asks the Commission to impose the stiffest civil penalties authorized by law.

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October 10, 1996

Very truly yours,

Mark Andrew

State of Minnesota )

County of Damascus )

SUBSCRIBED AND SWORN to me before this 10 day of Oct., 1996.

Kathy Grochowski  
Notary Public

My Commission Expires:

Jan 31, 2000



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FEDERAL ELECTION COMMISSION

Washington, DC 20463

October 21, 1996

Mark Andrew  
Democratic-Farmer-Labor Party  
352 Wacouta Street  
St. Paul, MN 55101

RE: MUR 4507

Dear Mr. Andrew:

This letter acknowledges receipt on October 11, 1996, of the complaint you filed alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4507. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

A handwritten signature in black ink, appearing to read "Colleen T. Sealander".

Colleen T. Sealander, Attorney  
Central Enforcement Docket

Enclosure  
Procedures

93043861303



FEDERAL ELECTION COMMISSION

Washington, DC 20463

October 21, 1996

Scott Johnson, Treasurer  
People for Boschwitz '96  
12030 Aztec Street, NW  
Coon Rapids, MN 55403

RE: MUR 4507

Dear Mr. Johnson:

The Federal Election Commission received a complaint which indicates that People for Boschwitz '96 ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4507. Please refer to this number in all future correspondence.

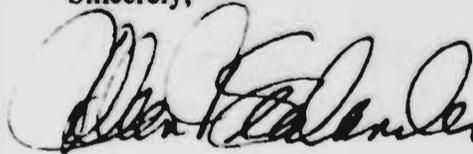
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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If you have any questions, please contact Erik Morrison at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney  
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

cc: Rudy Boschwitz

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

October 21, 1996

Stan Huckaby, Treasurer  
National Republican Senatorial  
Committee  
425 Second Street, NE  
Washington, DC 20002

RE: MUR 4507

Dear Mr. Huckaby:

The Federal Election Commission received a complaint which indicates that the National Republican Senatorial Committee ("NRSC") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4507. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the NRSC and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

93043961305

If you have any questions, please contact Erik Morrison at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney  
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

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FEDERAL ELECTION COMMISSION  
Washington, DC 20463

October 21, 1996

Arthur Finkelstein  
Arthur Finkelstein and Associates  
16 North Astor  
Irvingtown, NY 10533

RE: MUR 4507

Dear Mr. Finkelstein:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4507. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

98043361303

If you have any questions, please contact Erik Morrison at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney  
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

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WILEY, REIN & FIELDING

1776 K STREET, N.W.  
WASHINGTON, D. C. 20006  
(202) 429-7000

JAN WITOLD BARAN  
(202) 429-7330

November 6, 1996

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL  
NOV 6 11 38 AM '96  
FACSIMILE  
(202) 429-7049

Colleen T. Sealander, Esq.  
Central Enforcement Docket  
Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 4507 (National Republican  
Senatorial Committee and J.  
Stanley Huckaby as Treasurer)

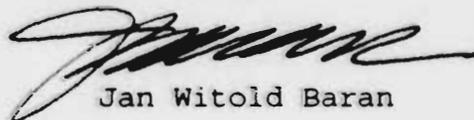
Dear Ms. Sealander:

This office has just been retained to represent the National Republican Senatorial Committee in connection with Matter Under Review 4507. An executed Statement of Designation of Counsel form is enclosed.

As you know, the post election period is a time of great uncertainty and transition in Washington, particularly for my clients. Thus, we are anticipating that it will require an extended period of time in order to confer with those individuals knowledgeable about the facts relevant to this matter, many of whom will be out of town during the post election period and Thanksgiving Holidays, and to obtain whatever information and documentation which may prove necessary with respect to this matter. We are therefore seeking an extension to and including December 13, 1996 in which to file a complete response to this complaint. While we understand that this extension would be longer than normally granted by the Commission we do believe it is warranted by the unfortunate timing of this complaint.

Thank you in advance for your consideration.

Sincerely,

  
Jan Witold Baran

Encl.

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 4507

NAME OF COUNSEL: Jan Witold Baran

FIRM: Wiley, Rein & Fielding

ADDRESS: 1776 K Street, N.W.

Washington, D.C. 20006

TELEPHONE: (202 ) 429-7330

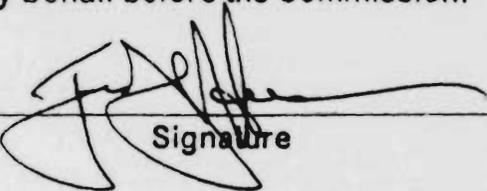
FAX: (202 ) 429-7207

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COMMISSION  
OFFICE OF GENERAL  
COUNSEL

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

Date

  
Signature

RESPONDENT'S NAME: National Republican Senatorial Committee and J. Stanley Huckaby as Treasurer

ADDRESS: 425 - 2nd St., N.E.

Washington, D.C. 20002

TELEPHONE: HOME( ) \_\_\_\_\_

BUSINESS( ) \_\_\_\_\_

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**LOVINGTON & BURLIN**

1201 PENNSYLVANIA AVENUE, N. W.

P O BOX 7566

WASHINGTON, DC 20044-7566

(202) 662-6000

TELEFAX: (202) 662-6291

TELEX: 89 593 (COVING WSH)

CABLE: COVING

**BOBBY R. BURCHFIELD**

DIRECT DIAL NUMBER

(202) 662-5350

LECONFIELD HOUSE

CURZON STREET

LONDON W1V 6AS

ENGLAND

TELEPHONE: 44 (71) 495 5655

TELEFAX: 44 (71) 495 3101

BRUSSELS CORRESPONDENT OFFICE

44 AVENUE DES ARTS

BRUSSELS 1040 BELGIUM

TELEPHONE: 32 2 512 9890

TELEFAX: 32 2 502 1598

November 8, 1996

**BY HAND**

Colleen T. Sealander, Esq.  
Central Enforcement Docket  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 4507

Dear Ms. Sealander:

This firm has been retained by Mr. Arthur Finkelstein to respond on his behalf to MUR No. 4507. (The statement of designation of counsel is enclosed.) Mr. Finkelstein was notified of MUR No. 4507 by letter dated October 21, 1996. We understand that Mr. Finkelstein's response is due on November 8, 1996.

The purpose of this letter is to request an extension, through and including December 9, 1996, to submit a response on behalf of Mr. Finkelstein. The allegations in the complaint are factually-intensive and our investigation may be hampered by the post-election plans of knowledgeable persons. Moreover, the law bearing upon this matter requires careful examination.

Thank you very much for your anticipated favorable consideration of this request.

Sincerely,

Bobby R. Burchfield

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RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

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STATEMENT OF DESIGNATION OF COUNSEL

MUR \_\_\_\_\_

NAME OF COUNSEL: Bobby R. Burchfield, Esq.

FIRM: Covington & Burling

ADDRESS: 1201 Pennsylvania Avenue, N.W.

Washington, DC 20004

TELEPHONE: (202 ) 662-5350 (direct)

FAX: (202 ) 778-5350 (direct)

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

10/27/96  
Date

  
Signature

RESPONDENT'S NAME: Arthur J. Finkelstein

ADDRESS: Arthur J. Finkelstein & Associates

16 North Astor

Irvington, NY 10533

TELEPHONE: HOME( \_\_\_\_\_ ) \_\_\_\_\_

BUSINESS( 914 ) 591-8142

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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 13, 1996

Bobby R. Burchfield, Esq.  
Covington & Burlington  
1201 Pennsylvania Avenue, N.W.  
P.O. Box 7566  
Washington, D.C. 20044-7566

RE: MUR 4507  
Arthur J. Finkelstein

Dear Mr. Burchfield:

This is in response to your letter dated November 8, 1996 which we received on that same day requesting an extension to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on December 9, 1996.

If you have any questions, please contact the Central Enforcement Docket at (202) 219-3400.

Sincerely,

Erik Morrison, Paralegal  
Central Enforcement Docket

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RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

**PATTON BOGGS, L.L.P.**  
2550 M STREET, N.W.  
WASHINGTON, D.C. 20037-1350  
(202) 457-6000  
FACSIMILE (202) 457-6315

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WRITER'S DIRECT DIAL

(202) 457-6405

November 12, 1996

The Honorable Lee Ann Elliott  
Chairman  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

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FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

Re: MUR 4507 -- People for Boschwitz and Scott Johnson, as treasurer

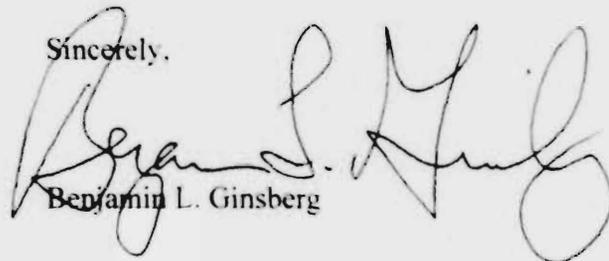
Dear Chairman Elliott:

I have recently been retained as counsel for the respondents in this matter under review. In that capacity, we hereby request an extension until December 2, 1996 to respond to the complaint. This extension would encompass the original 15 day period, plus a 20-day extension.

This extension is necessary in order to prepare a through response. Accordingly, respondents respectfully request an extension until December 2, 1996 to respond in this matter.

Thank you for your attention.

Sincerely,



Benjamin L. Ginsberg

BLG/jmt

Enclosure

98043951315

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4507

NAME OF COUNSEL: Benjamin L. Ginsberg

FIRM: Patton Boggs, L.L.P.

ADDRESS: 2550 M Street, N.W.

Washington, D.C. 20037

TELEPHONE: ( 202 ) 457-6405

FAX: ( 202 ) 457-6315

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COMMISSION  
OFFICE OF GENERAL

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

10-26-96  
Date

Scott Johnson - Treasurer, People for Roschowitz  
Signature

RESPONDENT'S NAME: PEOPLE FOR BOSCHWITZ

ADDRESS: 7415 WAYZATA BLVD.

MINNEAPOLIS, MN 55426

TELEPHONE: HOME ( 612 ) 690-5842

BUSINESS ( 612 ) 545-9696

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 18, 1996

Benjamin L. Ginsberg, Esq.  
Patton Boggs, L.L.P.  
2550 M Street, N.W.  
Washington, D.C. 20037-1350

RE: MUR 4507  
People for Boschwitz, Scott Johnson,  
Treasurer

Dear Mr. Ginsberg:

This is in response to your letter dated November 12, 1996 which we received on November 13, 1996 requesting an extension to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on December 2, 1996.

If you have any questions, please contact the Central Enforcement Docket at (202) 219-3400.

Sincerely,

Erik Morrison, Paralegal  
Central Enforcement Docket

98043861317

WILEY, REIN & FIELDING

1776 K STREET, N. W.  
WASHINGTON, D. C. 20006  
(202) 429-7000

JAN WITOLD BARAN  
(202) 429-7330

December 5, 1996

FACSIMILE  
(202) 429-7049

Colleen T. Sealander, Esq.  
Central Enforcement Docket  
Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

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COMMISSION  
OFFICE OF GENERAL  
COUNSEL

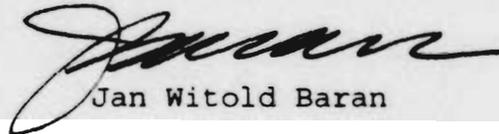
Re: MUR 4507 (National Republican  
Senatorial Committee and J.  
Stanley Huckaby as Treasurer)

Dear Ms. Sealander:

This letter is written to request an additional extension of time in the above-captioned matter to and including December 20, 1996. As we anticipated, in the immediate aftermath of the election and during the holiday season it has been very difficult to meet with those individuals who have the greatest knowledge regarding the subject matter of the complaint and to gather the documentation and information necessary to properly respond to the complaint. We appreciate the fact that this extension is unusual but believe it necessary. We do, however, fully anticipate being able to respond by December 20.

Thank you in advance for your favorable consideration of this request.

Sincerely,

  
Jan Witold Baran

98043961313



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 12, 1996

Jan Witold Baran, Esq.  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, D.C. 20006

RE: MUR 4507  
National Republican Senatorial  
Committee and J. Stanley Huckaby,  
as treasurer

Dear Mr. Baran:

This is in response to your letter dated December 5, 1996, requesting an additional extension until December 20, 1996, to respond to the complaint filed in MUR 4507.

You explain in your letter that you have had difficulty obtaining the information required to submit a complete response in the post-election/holiday season. While we recognize your difficulty, as I discussed with Carol Laham of your office this afternoon (and in an earlier telephone conversation that took place on November 8, 1996), the Office of the General Counsel cannot grant this additional extension request.

If you have any questions, please contact Andrew Turley of the Central Enforcement Docket at (202) 219-3690.

Sincerely,

Colleen T. Sealander  
Attorney

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**COVINGTON & BURLIN**

1201 PENNSYLVANIA AVENUE N.W.

P.O. BOX 7566

WASHINGTON D.C. 20044-7566

(202) 662-6000

TELEFAX: (202) 662-6291

TELEX: 89 593 COVING WSH

CABLE: COVING

**BOBBY R BURCHFIELD**

DIRECT DIAL NUMBER

(202) 662-5350

LECONFIELD HOUSE

CURZON STREET

LONDON W1Y 8AS

ENGLAND

TELEPHONE: 44 (71) 495 5655

TELEFAX: 44 (71) 495 3101

BRUSSELS CORRESPONDENT OFFICE

44 AVENUE DES ARTS

BRUSSELS 1040 BELGIUM

TELEPHONE: 32 2 512 9890

TELEFAX: 32 2 502 1596

December 10, 1996

**BY HAND**

Colleen T. Sealander, Esq.  
Central Enforcement Docket  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: **Arthur J. Finkelstein, MUR 4507**

Dear Ms. Sealander:

This letter constitutes the response of Mr. Arthur Finkelstein to your letter dated October 21, 1996, concerning the above-referenced matter under review ("MUR"). By letter dated November 13, 1996, the Commission granted Mr. Finkelstein an extension of time until December 9, 1996, to submit a response. By a telephone conversation with Michael Dawson of our offices, Mr. Erik Morrison granted Mr. Finkelstein an extension of an additional twenty-four hours.

MUR 4507 arises from a complaint by the Minnesota Democratic-Farmer-Labor Party that certain expenditures made and reported by the National Republican Senatorial Committee ("the NRSC") should have been reported pursuant to 11 C.F.R. § 110.7(c) as coordinated with People for Boschwitz '96 ("the Boschwitz Campaign"). Proceeding from the incorrect legal presumption that all expenditures by a national party are "inescapably" coordinated with its candidates, the complaint points to a superficial similarity between two pairs of advertisements (none of which were authorized by the Boschwitz Campaign) and asserts, also incorrectly, that the advertisements were the product of a common political consultant. In short, the complaint is frivolous and should be promptly dismissed.

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OFFICE OF GENERAL  
COUNSEL

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STATEMENT OF FACTS

A. The NRSC's Creation of an Independent Expenditure Unit.

Following the Supreme Court's decision in Colorado Republican Campaign Committee v. Federal Election Commission, \_\_\_ U.S. \_\_\_, 116 S.Ct. 2309, 2316 (1996), the NRSC established a separate unit to conduct independent expenditures (the "Independent Expenditure Unit"). See Affidavit of Arthur J. Finkelstein, ¶ 4 ("Finkelstein Aff.") (Ex. 1). To avoid even the appearance of coordination with either the NRSC or the individual candidates, the NRSC created a "steel wall" to ensure that this unit would be independent of all senatorial campaigns, including the Boschwitz Campaign, and the other staff of the NRSC. Id. at ¶ 6; see also Ruth Marcus, "Reinterpreting the Rules," The Washington Post (Oct. 26, 1996) (describing the steel wall maintained by the NRSC) (Ex. 2).

Mr. Arthur Finkelstein is a political consultant retained by the NRSC in January 1995. In August 1995, Mr. Finkelstein was retained by the Boschwitz Campaign. Contrary to the assumption in the complaint, however, Mr. Finkelstein was not part of the Independent Expenditure Unit. With the creation of the NRSC's Independent Expenditure Unit, Mr. Finkelstein and the NRSC amended their original contract on August 1, 1996. (Copies of the original contract and the amendment are attached as Exhibits A and C to the Finkelstein Aff.) As amended, the contract prohibited Mr. Finkelstein from communicating, directly or indirectly, information about the activities of the Boschwitz Campaign to the Independent Expenditure Unit, or from having any contact with the NRSC's Independent Expenditure Unit about its activities.

Mr. Finkelstein complied with the terms of his contract and respected the "steel wall" between the Boschwitz Campaign and the Independent Expenditure Unit. Specifically, he played no role in the creation or staffing of the Independent Expenditure Unit. Finkelstein Aff. at ¶ 7. None of the services he provided to the NRSC prior to the creation of the Independent Expenditure Unit were rendered "for use by" the NRSC's independent expenditures effort. Id. at ¶ 8. After the creation of the Independent Expenditure Unit, Mr. Finkelstein scrupulously adhered to the prohibitions on communications, direct or indirect, concerning senatorial races and the activities of the Independent Expenditure Unit. He did not "cooperate, consult, act in concert with, or exchange requests or suggestions with any member of the independent expenditures effort with respect to the Senate race in Minnesota." Id. at ¶ 9. Specifically, Mr. Finkelstein "played no role in the creation of the NRSC

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independent expenditure advertisements -- 'Crime Solution' and 'Why' or "in the other NRSC advertisements -- 'Crime' and 'Fight' -- identified in the complaint." Finkelstein Aff., ¶ 9. He wrote and/or approved the scripts for all of the advertisements authorized by the Boschwitz Campaign without "cooperation, consultation, direction, acts in concert, or exchange of requests or suggestions with the NRSC independent expenditures effort." Id. at ¶ 10.

**B. The Advertisements Cited in the Complaint.**

The complaint bases its assertion of coordination primarily on a comparison of language in four advertisements. Compl. at 1-2. In fact, none of the four advertisements compared in the complaint were paid for or authorized by the Boschwitz Campaign. Further, Mr. Finkelstein, who wrote and/or approved all advertisements authorized by the Boschwitz Campaign, did not participate in the creation or dissemination of any of the four advertisements. Finkelstein Aff. at ¶ 9.

**ARGUMENT**

**I. THERE IS NO EVIDENCE THAT THE NRSC INDEPENDENT EXPENDITURE UNIT COORDINATED ITS EXPENDITURES WITH THE BOSCHWITZ CAMPAIGN.**

The complaint does not warrant further investigation unless it presents "incriminating" evidence that is "not satisfactorily answered by the respondents." Democratic Senatorial Campaign Committee v. Federal Election Commission, 745 F. Supp. 742, 746 (D.D.C. 1990) (affirming Commission's dismissal for lack of evidence of a complaint alleging improper coordination). As mentioned above, the complaint asserts that there must have been coordination between the NRSC Independent Expenditure Unit and the Boschwitz Campaign because of (i) an alleged similarity in language in two pairs of advertisements; (ii) the alleged "use of the same political strategist, Arthur Finkelstein"; and (iii) the use of the phrase "embarrassingly liberal" by an NRSC press secretary. Compl. at 1-2. None of these allegations is supported by evidence sufficient to warrant further investigation by the Commission.

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Implicitly recognizing that it has no evidence of actual coordination, the complaint argues that "coordination between party and candidate" is "inescapable." Compl. at 3. The Supreme Court explicitly rejected such a presumption:

"The question, instead, is whether the Court of Appeals erred as a legal matter in accepting the Government's conclusive presumption that all party expenditures are 'coordinated.' We believe it did." Colorado Republican Campaign Committee v. Federal Election Commission, 116 S.Ct. 2309, 2317-18 (1996).

The NRSC was free to make expenditures advocating the election or defeat of Senatorial candidates in Minnesota so long as expenditures were "developed independently, and not pursuant to any general or particular understanding" with the Boschwitz Campaign. Id. at 2315. As discussed below, there was no such coordination.

**A. The "Evidence" Cited in the Complaint Does Not Support an Inference of Coordination.**

The NRSC established a "steel wall" to ensure that the Independent Expenditure Unit did not coordinate its activities with individual senatorial campaigns.<sup>1</sup> The complaint offers no evidence indicating that the wall was breached.

This precautionary step was not expressly required by any statute, regulation, or advisory opinion. Indeed, shortly after the Supreme Court's decision in Colorado Republican Campaign Committee, the Democratic Senatorial Campaign Committee sought an advisory opinion seeking guidance on how a party committee could establish an independent expenditures effort. No advisory opinion was rendered, however. In the absence of an advisory opinion or applicable regulation, Mr. Finkelstein and the NRSC took reasonable precautions to allow the NRSC to exercise its right to make independent expenditures. These precautions certainly exceed those taken by the Democratic Senatorial Campaign Committee, which apparently undertook an independent expenditures effort without establishing or maintaining a similar "steel wall." See Ruth Marcus, "Reinterpreting the Rules," The Washington Post (Oct. 26, 1996) (describing the steel wall maintained by the NRSC while omitting the description of any such wall maintained by the Democratic Senatorial Committee).

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First, the complaint asserts that two pairs of advertisements "are strikingly similar in many respects" and must, therefore, have been coordinated. Compl. at 1-2. The complaint again proceeds from a false premise. None of the four advertisements compared in the complaint were paid for or authorized by the Boschwitz Campaign. Finkelstein Aff. at ¶ 9. Since the similarity of the advertisements is the primary basis for the complaint's assertion of coordination, the fact that none of the four cited advertisements was authorized by the Boschwitz Campaign undermines any such inference.

Second, contrary to the assumption in the complaint, Mr. Finkelstein provided no services to the Independent Expenditure Unit. By contract and in practice, Mr. Finkelstein did not "cooperate, consult, act in concert with, or exchange requests or suggestions with any member of the independent expenditures effort with respect to the Senate race in Minnesota." Finkelstein Aff. at ¶ 9.

Third, the complaint notes the use by an NRSC spokesperson of the phrase "embarrassingly liberal" -- a phrase that pervaded the public discourse in Minnesota. Indeed, Wellstone Campaign supporters -- sources clearly not coordinating with the Boschwitz Campaign -- embraced the slogan "embarrassingly liberal" and emblazoned it upon T-shirts. See, e.g., Katherine M. Skiba, "Minnesota Incumbent Attempting To Take Sting Out of 'Liberal,'" Milwaukee Journal Sentinel (Oct. 29, 1996) (describing the sale of T-shirts "emblazoned 'embarrassingly liberal'" at a Wellstone rally) (Ex. 3).

Political commentators have recognized "liberal" and "conservative" as "the two magic words of American politics." Ben Watenberg, "Conservative Voices in San Diego," San Diego Union-Tribune (Aug. 22, 1996) (Ex. 4); see also Ben Watenberg,

Although the complaint incorrectly asserts that some of the four advertisements were authorized by the Boschwitz Campaign, it implicitly acknowledges that all four advertisements were created by the NRSC when it provides labels for each of the advertisements that reference the NRSC, not the Boschwitz Campaign. Compl. at 1-2.

Moreover, two of the four advertisements did not engage in express advocacy and therefore are not "expenditures," much less coordinated expenditures. See Buckley v. Valeo, 424 U.S. 1, 44 (1976) (Constitution requires confining expenditure limitation to "communications that in express terms advocate the election or defeat of a clearly identified candidate for federal office.").

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"Clinton Says He Let Down Democrats," The Times Union (Nov. 3, 1995) (describing Clinton's need to move toward the center away from the "liberal left" in order to win reelection) (Ex. 5). Republicans have been labelling their Democratic opponents as "liberal" for years. See, e.g., William Schneider, "Tough Liberals Win, Weak Liberals Lose," The New Republic (Dec. 5, 1988) ("Bush called Dukakis a Massachusetts liberal.") (Ex. 6). In addition, the liberal political ideology of Senator Wellstone has long been recognized in public discourse. The 1994 edition of the Almanac of American Politics describes Wellstone as "a happy warrior of the campus left," on the "extreme wing" of the Democratic Party, and "liberal." Id. at 718-19. Indeed, Senator Wellstone has described himself as "liberal." See Sandy Banisky, "Incumbent Is Liberal and Proud," Baltimore Sun (Oct. 14, 1996) (Ex. 7). Further, an independent media poll showed that 47 percent of Minnesota voters agreed that "Paul Wellstone is so liberal that he's out of step with the state." Id. Thus, the mere fact that both Mr. Finkelstein and the NRSC Independent Expenditure Unit characterized Senator Wellstone as liberal, even "embarrassingly liberal," constitutes no evidence of coordination.

Moreover, use of the term "embarrassingly liberal" by the NRSC Independent Expenditure Unit's Press Secretary has nothing to do with the NRSC advertisements cited in the complaint. As the Commission's own regulations recognize, mere restatement of the candidate's message by another person or entity does not show coordination. See 11 C.F.R. § 109.1(d)(1) ("republication" of a campaign message "shall not be considered an expenditure by the candidate . . . unless made [in coordination] with the candidate.").

**B. These Facts Do Not Support a Finding of Coordination Under the Case Law.**

The MUR presents a situation "strikingly similar" to the circumstances in Democratic Senatorial Campaign Committee. There, the Commission dismissed a complaint alleging that the independent expenditures of the Auto Dealers and Drivers for Free Trade Political Action Committee ("Auto Dealers PAC") were coordinated with the campaign of Connie Mack in Florida. The complaint based its allegation on the existence of common political consultants between the two groups. 745 F. Supp. at 743. As here, the common political consultants were not retained to work on the same campaign. Id. at 743-44. Also as here, the respondents instructed the consultants not to communicate or otherwise coordinate their activities between the independent expenditure effort and the candidate's campaign. Id. Again as

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here, the participants submitted affidavits confirming that they adhered to a "steel wall" between the candidate's campaign and the independent expenditure effort. Id. at 746. Under these circumstances, the Commission properly dismissed the complaint for lack of any reason to believe that improper coordination occurred. Id. The Commission likewise should dismiss the complaint here.

The complaint cannot gain any support from the decision in Federal Election Commission v. National Conservative Political Action Committee, 647 F. Supp. 987 (S.D.N.Y. 1986) ("NCPAC"). In NCPAC, the court found that Mr. Finkelstein "formulated and directed the execution of NCPAC's plan" and "served as the chief architect" of the Caputo campaign. Id. In this case, however, Mr. Finkelstein played no role in the formulation or direction of the NRSC Independent Expenditure Unit. On the contrary, Mr. Finkelstein was prevented by contract from providing any services to the NRSC's Independent Expenditure Unit. In addition, in NCPAC the court found that Mr. Finkelstein authored both NCPAC and Caputo campaign advertisements. 647 F. Supp. at 992. In this case, however, Mr. Finkelstein authored only Boschwitz Campaign advertisements. Finkelstein Aff. at ¶ 9-10. Finally, in NCPAC the court found that Mr. Finkelstein played a role in the staffing of both NCPAC and the Caputo campaign. 647 F. Supp. at 992. In this case, however, Mr. Finkelstein played no role in the staffing of the NRSC Independent Expenditure Unit. Finkelstein Aff. at ¶ 7.

Similarly, the Advisory Opinions cited in the complaint (p. 4), address the provision of political consulting services by and the making of campaign expenditures through a common vendor. In this case, by contrast, Mr. Finkelstein was expressly prohibited by contract from providing consulting services to or making expenditures on behalf of the NRSC Independent Expenditure Unit.

Likewise, the complaint's reliance on the General Counsel Reports in MURs 2841 and 2679 is unavailing. Compl. at 3. In In re Ed Jenkins for Congress Committee, MUR 2841 at 15 (June 2, 1992), the General Counsel's office found Congressman Jenkins' newspaper advertisements on behalf of the Gephardt for President Campaign to be coordinated expenditures "[b]ecause the Gephardt Committee provided information regarding scheduling, key contacts, and national campaign strategy to the Jenkins Committee and because of the obvious linkage between the press conference [(at which the Congressman endorsed Gephardt, who was present)] and the advertisements [(regarding the Congressman's endorsement of Gephardt)]." Similarly, in In re Davis for Congress Committee, MUR 2679 at 5 (June 14, 1991), the General Counsel's

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Report found coordination based, in part, on communications between the independent effort and the candidate concerning the campaign. No such coordination took place in this case.

In short, the complaint in MUR 4507 presents the same issue addressed by the Supreme Court in Colorado Republican Campaign Committee, 116 S.Ct. 2309. Because, as there, the expenditures at issue were made independently of the candidate, the Constitution prohibits any finding that the respondents violated the federal election laws. Id. at 2317.

**II. THE COMMISSION SHOULD DISMISS ARTHUR FINKELSTEIN AS A RESPONDENT.**

Whether or not the Commission dismisses MUR 4507 in its entirety, it should dismiss Mr. Finkelstein as a respondent for two reasons. First, he did not participate in any coordination between the NRSC Independent Expenditure Unit and the Boschwitz Campaign. Second, even assuming (contrary to fact) that the expenditures were coordinated, the obligation to report and/or limit those expenditures would fall upon the Boschwitz Campaign or the NRSC, not Mr. Finkelstein. Cf. NCPAC, 647 F. Supp. at 995 (finding political action committee, not political consultant, liable for violation based on coordinated expenditures).<sup>4</sup>

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<sup>4</sup> For Mr. Finkelstein to be found in violation of the statute or regulations, the Commission would need to conclude that the NRSC exceeded its expenditure limit by virtue of the independent expenditures. Since the First Amendment prohibits such expenditure limits, such a finding would be inappropriate. See Colorado Republican Campaign Committee, 116 S. Ct. at 2322 (Kennedy, J., concurring in the judgment and dissenting in part); Buckley v. Valeo, 424 U.S. 1, 39 (1976). Similarly, any imposition of liability based on a ruling that the NRSC is precluded from engaging in independent expenditures would be contrary to the Colorado Republican Campaign Committee decision. 116 S. Ct. at 2316.

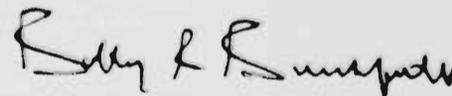
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**CONCLUSION**

For the foregoing reasons, we respectfully submit that there is no basis on which the Commission could find reason to believe that Mr. Finkelstein has violated any federal election law or regulation and that the Commission should promptly close the file on MUR 4507.

Sincerely,



Bobby R. Burchfield

Attachments

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AFFIDAVIT OF ARTHUR J. FINKELSTEIN

Arthur J. Finkelstein, being duly sworn, deposes and says:

1. I have read the complaint underlying MUR 4507 and am aware of its allegations. I submit this declaration as part of my response to the complaint. Except where indicated, this declaration is based on my personal knowledge.

2. By agreement entered into on January 1, 1995, the National Republican Senatorial Committee ("the NRSC") retained me to act as a political consultant to the NRSC. A true and correct copy of the agreement between my firm, Arthur J. Finkelstein & Associates, and the NRSC is attached as Exhibit A to this declaration.

3. By agreement entered into on August 16, 1995, People for Boschwitz '96 ("the Boschwitz Campaign") retained me to act as a political consultant to the Boschwitz Campaign through November of 1996. A true and correct copy of the agreement between my firm and the Boschwitz Campaign is attached as Exhibit B to this declaration.

4. I am informed and believe that sometime after the Supreme Court's decision in Colorado Republican Federal Campaign Committee v. Federal Election Commission, \_\_\_ U.S. \_\_\_, 116 S. Ct. 2309 (June 26, 1996), the NRSC established a separate unit to make independent expenditures advocating the election or defeat of Senate candidates ("the independent expenditures effort").

5. I understand that this matter arises from a complaint by the Minnesota Democratic-Farmer-Labor Party that

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alleges that I coordinated the efforts of the NRSC independent expenditures effort with those of the Boschwitz Campaign. That allegation is absolutely false.

6. By agreement entered on August 1, 1996, my firm and the NRSC amended the agreement described in paragraph 2. A true and correct copy of this amendment is attached as Exhibit C to this declaration. Paragraph 3 of this amendment prohibited me from directly or indirectly consulting or coordinating with the NRSC's independent expenditures effort.

7. I had no role in the decision to create, or in the actual creation of, the NRSC's independent expenditures effort. I played no role in selecting personnel to staff the effort.

8. None of the services that I provided to the NRSC prior to the August 1, 1996, amendment were provided for use by the NRSC's independent expenditures effort.

9. I did not cooperate, consult, act in concert with, or exchange requests or suggestions with any member of the independent expenditures effort with respect to the Senate race in Minnesota. I did not direct, advise, request, or in any way participate in any aspect of the media strategy of the NRSC's independent expenditures effort. Nor did I draft, edit, or in any way participate in advertising scripts prepared by the NRSC's independent expenditures effort. Further, I played no role and offered no suggestions or advice regarding what issues and themes should be featured in advertising by the NRSC's independent

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expenditures effort. In particular, I played no role in the creation of the NRSC independent expenditure advertisements -- "Crime Solution" and "Why" -- identified in the complaint. Nor did I play any role in the other NRSC advertisements -- "Crime" and "Fight" -- identified in the complaint.

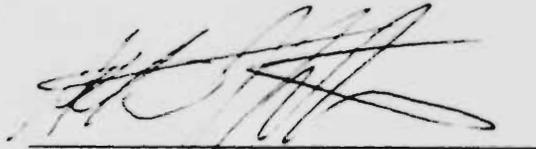
10. The NRSC's independent expenditures effort played no role in the advertising strategy undertaken by the Boschwitz Campaign. I wrote and/or approved the scripts for all of the advertisements authorized by the Boschwitz Campaign. I decided what issues and themes to feature in the advertisements based on my own research, analysis, and theories of politics. I did not share my decisions or the bases of those decisions with the NRSC independent expenditures effort. My decisions were made by me, without cooperation or consultation with the NRSC's independent expenditures effort.

11. I was consulted from time to time by Boschwitz Campaign personnel about how the Boschwitz Campaign should react and respond to some NRSC advertisements after they had been seen on television by Boschwitz Campaign personnel. Notwithstanding the fact that the advertisements were not authorized by, and were made independently of, the Boschwitz Campaign, the Wellstone Campaign attacked the Boschwitz Campaign for some of the advertisements. I advised the Boschwitz Campaign on appropriate responses to the attacks. At no time did I cooperate or consult with the NRSC independent expenditures effort regarding appropriate responses to these attacks.

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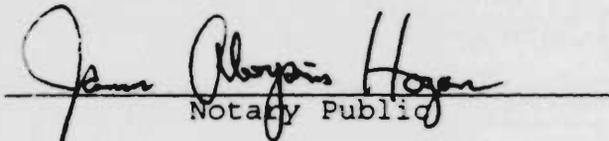
12. I did not coordinate the Boschwitz Campaign's advertisements with the NRSC independent expenditures effort's advertisements, and the NRSC independent expenditures personnel did not coordinate their advertisements with me.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.



Arthur J. Finkelstein

SUBSCRIBED AND SWORN TO before me  
this 4<sup>th</sup> day of December, 1996



Notary Public

My commission expires: 11-30-2000

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**THIS AGREEMENT** entered into this 1st day of January, 1995 by and between **ARTHUR J. FINKELSTEIN AND ASSOCIATES**, of 16 North Astor Street in Irvington, New York, 10533, hereinafter referred to as "A.J.F." and:

National Republican Senatorial Committee

**WITNESSETH**

**WHEREAS**, A.J.F. is a corporation duly organized and existing under the laws of the State of New York to, among other things, perform services and act as political consultants, and

**WHEREAS**, National Republican Senatorial Committee (hereinafter known as "N.R.S.C.") desires that advice be provided by A.J.F., who desires to provide said advice for U.S. Senate Races Nationally.

**NOW THEREFORE**, in consideration of the sum of One (1) Dollar and other good and valuable considerations as set forth herein, the parties hereto agree as follows:

1st. A.J.F. covenants and agrees to provide and N.R.S.C. agrees to pay for consulting services regarding election strategy, election techniques, scheduling advice, media advice, fundraising advice, and issues significant to the public.

2A. N.R.S.C. agrees to pay A.J.F., and A.J.F. agrees to accept as consideration for its consulting services, a fee of \$7,500.00 per month beginning January 1, 1995 and ending December 31, 1996.

2nd. It is expressly understood and agreed to by both parties that members of A.J.F. will meet with representatives of N.R.S.C. for at least two days per month from January 1, 1995 through December 31, 1996.

3rd. It is expressly understood and agreed by and between the parties that over and above the agreed upon consideration for consulting services, N.R.S.C. will pay all 1st class expenses incurred by members of A.J.F. which result directly from the provision of the aforementioned consulting services.

4th. A.J.F.'s regular monthly retainer and authorized expenses incurred in the performance of its obligations under this agreement shall be invoiced without mark-up and mailed to:

National Republican Senatorial Committee  
Attn: Accounting Division  
P.O. Box 75103  
Washington, DC 20013-5103

Invoices are normally paid within thirty (30) days of receipt

5th. This agreement shall be governed by the law of the State of New York.

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6th. In the case of controversy or non-payment of consulting fees or travel expenses, N.R.S.C. shall be responsible for payment of all legal fees incurred in the collection of aforementioned amounts.

In the case of unpaid consulting fees totaling 3 or more months, N.R.S.C. shall pay 1 1/2% per month interest on all outstanding balances.

7th. A.J.F. is an independent contractor to the N.R.S.C. A.J.F. agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be deemed owed by it, or to any employee or contractor of vendor as a result of performance of this agreement.

IN WITNESS THEREOF, the parties hereto have set their hands in duplicate original on the day and year as written above.

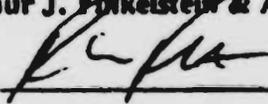
N.R.S.C.

BY: 

John D. Heibusch  
Executive Director

Date: 5.11.95

Arthur J. Filkelstein & Associates

BY: 

Date: 5/11/95

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THIS AGREEMENT entered into this 16th day of August, 1995 by and between **ARTHUR J. FINKELSTEIN AND ASSOCIATES**, of 16 North Astor Street in Irvington, New York, 10533, hereinafter referred to as "A.J.F." and:

**PEOPLE FOR BOSCHWITZ '96**

**W I T N E S S E T H**

**WHEREAS**, A.J.F. is a corporation duly organized and existing under the laws of the State of New York to, among other things, perform services and act as political consultants, and

**WHEREAS**, People for Boschwitz '96 desires that advice be provided by A.J.F., who desires to provide said advice for the office of U.S. Senate in the State of Minnesota.

**NOW THEREFORE**, in consideration of the sum of One (1) Dollar and other good and valuable considerations as set forth herein, the parties hereto agree as follows:

1st. **A.J.F.** covenants and agrees to provide and **People for Boschwitz '96** agrees to pay for consulting services regarding election strategy, election techniques, scheduling advice, media advice and issues significant to the public.

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2A. People for Boschwitz '96 agrees to pay A.J.F., and A.J.F. agrees to accept as consideration for its consulting services, the sum of \$100,000.00 to be paid in the following manner:

- Upon signing of this contract the sum of \$5,000.00
- On the 1st of each month from September 1, 1995 through December 31, 1995 the sum of \$ 3,000.00
- On the 1st of each month from January 1, 1996 through March 31, 1996 the sum of \$7,000.00
- On the 1st of each month from April 1, 1996 through June 30, 1996 the sum of \$9,000.00
- On the 1st of each month from July 1, 1996 through October 31, 1996 as follows:

July 1, 1996	\$ 9,500.00
Aug. 1, 1996	\$ 9,500.00
Sep. 1, 1996	\$ 9,500.00
Oct. 1, 1996	\$ 6,500.00

2B. A.J.F.'s fee for all media placement, including T.V, radio and print, shall be 6% of the gross amount.

3rd. It is expressly understood and agreed to by both parties that members of A.J.F. will meet with People for Boschwitz '96 for no fewer than two days per month from the date of the executed Contract through November, 1996.

4th. It is expressly understood and agreed by and between the parties that over and above the agreed upon consideration for consulting services, People for Boschwitz '96 will pay all expenses incurred by members of A.J.F. which result directly from the provision of the aforementioned consulting services.

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5th. This contract shall remain in effect from August 1, 1995 through November 1996.

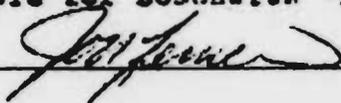
6th. Either party may cancel this Agreement upon sixty days notice for any reason whatsoever. People for Boschwitz '96 will be responsible for any fees and expenses incurred up through the effective date of cancellation. Once the effective date of cancellation is reached, no additional fees or expenses will accrue.

7th. In the case of non-payment of consulting fees or travel expenses, media commissions or media expenses, People for Boschwitz '96 shall be responsible for payment of all legal fees incurred in the collection of aforementioned amounts.

8th. In the case of unpaid consulting fees totalling 3 or more months, People for Boschwitz '96 shall pay 1 1/2% per month interest on all outstanding balances.

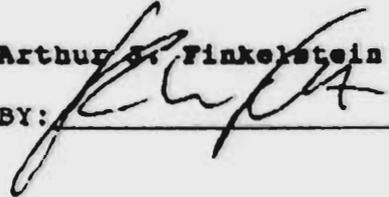
IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year as written above.

People for Boschwitz '96

BY: 

Date: 9-1-95

Arthur S. Finkelstein & Associates

BY: 

Date: 9/6/95

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

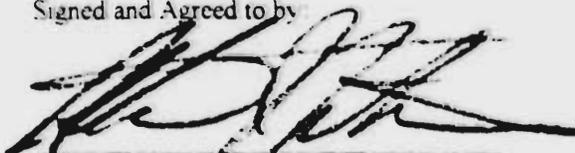
CRAIG M. ENGLE  
GENERAL COUNSEL

## AGREEMENT TO AMEND CONTRACT

This Agreement, entered into on August 1, 1996, serves to amend the vendor contract of January 1, 1995, signed between the Parties regarding political consulting by Arthur J. Finkelstein and Associates (Vendor) for the National Republican Senatorial Committee (NRSC). The Parties hereby agree to amend that original contract as follows:

- 1. Continuation of Work.** Vendor is authorized to continue its work under the terms of the original contract through December 31, 1996, provided that Vendor has, and will continue to abide by the terms and conditions of Vendor's original contract and this Agreement.
- 2. Independent Expenditure Division.** The NRSC shall create an Independent Expenditure Division (I-Team).
- 3. Vendor's abstinence from contact with I-Team.** Vendor agrees that it will neither accept nor make any contracts with or otherwise cooperate, consult, or have any contact with said I-Team, or any authorized committee, agent, or vendor of such I-Team, and will not provide any services which are made in concert with, or at the request or suggestion of, the I-Team, or any authorized committee or agent of such I-Team. Vendor acknowledges that it has been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b). Vendor affirms that it has had no communication with the I-Team, or any authorized committee, agent, or vendor of the I-Team, and that it has provided no services to NRSC regarding NRSC 1996 independent expenditures.
- 4. Vendor's Subvendors.** Vendor agrees that it will not utilize or employ the services of any subvendor for any work of a creative or substantive nature under this contract without first inquiring of such subvendor and receiving written assurance from such subvendor, which written assurance the subvendor shall provide to the NRSC, that the subvendor agrees to and can meet all conditions regarding the absence of coordination that are agreed to and met by the Vendor pursuant to this Agreement. In the event of any question or uncertainty regarding the capacity of a subvendor to adhere to this provision, Vendor shall notify NRSC legal counsel and obtain approval before utilizing or employing such subvendor.
- 5. Cooperation and Defense in Legal Proceedings.** Vendor and NRSC agree to fully cooperate with each other and make available all necessary personnel and documents during any investigation or legal proceeding in connection with this project. In the event of an investigation or legal proceeding in connection with this project, and provided Vendor fully complies with all the terms of this Agreement, particularly Paragraphs 3 and 4, the NRSC shall provide legal counsel to Vendor and hold Vendor harmless from and against any and all related expenses or claims, including charges, judgments, penalties, and fines paid or incurred by Vendor in connection with any legal proceedings brought against Vendor by a party other than the NRSC related to the services of Vendor under this Agreement. Should Vendor retain counsel other than that provided by the NRSC, Vendor shall do so solely at Vendor's expense.
- 6. Affirmation.** By signing this Agreement, Vendor affirms that it has followed, and will continue to follow, all provisions of its original contract and this Agreement.

Signed and Agreed to by:



Arthur J. Finkelstein  
Vendor's Authorized Agent



John D. Heubusch  
NRSC Executive Director

RONALD REAGAN REPUBLICAN CENTER  
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PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

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Saturday, October 26, 1996

A Section

CAMPAIGN '96

Reinterpreting the Rules; 'Independent Expenditures' Alter Senate Races

Ruth Marcus

Washington Post Staff Writer

Republicans have seized on a new interpretation of campaign finance rules to pour millions of dollars into closely contested Senate races in the form of "independent expenditures," and Democrats responded yesterday with a similar effort of their own.

The Supreme Court opened the door to the spending by ruling in June that parties, like other political groups such as the National Rifle Association, can spend as much as they want on behalf of candidates as long as their activity is not coordinated with the candidates.

The ruling gave the parties the chance -- in close races -- to spend well beyond the strict limits imposed by the federal election law in previous years. This year, the parties, in coordination with candidates, are allowed to spend up to \$62,000 on House races and differing amounts in Senate races based on population.

The National Republican Senatorial Committee, which enjoys a significant financial advantage over its Democratic counterpart, was the first to take advantage of the option, pouring nearly \$7 million into key Senate races above and beyond what they are permitted to spend in coordination with candidates. The committee is now airing independent expenditure ads in 10 states: Oregon, Wyoming, Colorado, Kansas, Nebraska, Arkansas, Louisiana, Alabama, Maine and New Hampshire. There is an open seat in each state except New Hampshire.

NRSC executive director John Heubusch said the independent expenditure campaign could play a "very important" role in whether the GOP retains control of the Senate.

"It gives remarkably greater power to the national party

10/26/96 WASHPOST A01

(Publication page references are not available for this document.)

committees because of their financial ability to get their message out and assist in individual states as never before," he said.

Meanwhile, the Democratic Senatorial Campaign Committee has quietly established its own independent expenditure unit that a party official said would result in a "seven-figure" infusion of funds into targeted races. Last night it began airing independent expenditure ads in Maine, where it told the Federal Election Commission it was spending \$150,000.

FEC filings show the magnitude of the Republican effort. In Louisiana alone the Republicans' independent expenditures are close to \$1.4 million and played a critical role in boosting Woody Jenkins -- the candidate the national party felt had the best chance of winning the seat -- to a first-place finish in the September open primary. The direct amount of money the party is allowed to give in the state is limited to \$384,000.

Likewise, in the Colorado contest, the NRSC has spent \$828,000, nearly 2 1/2 times the \$342,000 limit for direct spending.

Before the Supreme Court ruling, political parties were not allowed to engage in such "independent expenditures," which were the province of outside groups like the environmental movement or the NRA.

The day after the Supreme Court ruling, the NRSC made plans to establish a new independent expenditure unit, housed in a downtown office building separate from the NRSC's Capitol Hill headquarters and staffed by employees who, the committee's lawyer determined, had been removed enough from plotting strategy with various Senate candidates that they could be viewed as operating independently.

The six-member group is headed by Greg Strimple, previously the NRSC's director of polling and campaign programs.

The NRSC sends money to the independent expenditure unit but, officials say, doesn't know where it plans to advertise or what the ads will say until they go on the air. "They're over there in la-la land," Heubusch said.

Because it's a new area of the law, no one knows for certain whether either party's effort will pass the test that it be independent.

The FEC's general counsel said after the court ruling that there was no way for the parties to legally make independent expenditures this campaign, but the FEC commissioners couldn't agree

10/26/96 WASHPOST A01

**(Publication page references are not available for this document.)**

on the issue and refused entreaties by Senate Democrats to outline the rules.

The NRSC's ads are a mixture of positive spots on behalf of GOP candidates and negative attacks on the Democratic contenders.

"Sam Brownback. We believe he'll bring Kansas common sense to the United States Senate," the NRSC ad says of the GOP Senate candidate.

"Mary Landrieu. A real tax-and-spend liberal who just can't wait to spend more of our money," say's the NRSC's advertisement in Louisiana, which is targeted at the Democrat.

The mechanism of independent expenditures allows the Senate committees to be far more pointed on behalf of their candidates, or against their opponents, than "issues ads," the other new form of political advertising that has become common this election season.

Unlike the issues ads, which are supposedly aimed at illuminating a candidate's position on pending public issues and cannot advocate a vote for or against the candidate, the independent expenditure ads don't need to be coy. They can explicitly urge voters to support or oppose a particular candidate.

But they can't be paid for with soft money, the unregulated donations from individuals, corporations and unions that is supposed to be used only for party building activities such as voter turnout but not directly on a candidate's campaign.

"There's a great advantage to being able to deliver the sharpest, most direct possible message," said a Democratic Party official. "An issues ad is necessarily limited in some way. The independent expenditure is one that basically permits you to run any kinds of ads you want in the most personal and direct way and it suits negative advertising to a tee. In a negative ad, you want to polish off your opposition at the end."

---- INDEX REFERENCES ----

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END OF DOCUMENT

51ST STORY of Level 1 printed in FULL format.

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Milwaukee Journal Sentinel

October 29, 1996 Tuesday Final

SECTION: News Pg. 8

LENGTH: 921 words

HEADLINE: Minnesota incumbent attempting to take sting out of liberal' label  
GOP ads in U.S. Senate race rely on L-word

BYLINE: KATHERINE M. SKIBA

SOURCE: Journal Sentinel staff

DATELINE: Duluth, Minn.

BODY:

As across America, a war of words is raging in Wisconsin's western neighbor.

"Liberal" is the fighting word.

Rudy Boschwitz, a wealthy retailer, is using the tag over and over to characterize Democratic Sen. Paul Wellstone.

The 52-year-old lawmaker is the man who, as an underdog six years ago, sent Boschwitz, then a two-term senator, into political retirement.

"Ultra-liberal," Boschwitz, 65, and his supporters now smirk, describing Wellstone. "Embarrassingly liberal."

Often cited is Wellstone's "No" vote to welfare reform in August, when he worried that the overhaul could send a million children into poverty.

Using the word "liberal" as a weapon against Democrats is a strategy playing out in several states.

In Minnesota, though, some Democrats are performing the political equivalent of treating a snake bite with venom. They're borrowing Boschwitz's words.

This Lake Superior port city, home to 85,493 people, last week welcomed Vice President Al Gore, campaigning for Wellstone.

Moments before the two stepped on stage, Minnesota's attorney general told a spirited crowd of 4,000 that Eleanor Roosevelt cherished the term "liberal" because it meant "freedom."

The attorney general is Hubert H. Humphrey III, son and namesake of the Democrat this Upper Midwest state sent to Washington as vice president. Minnesota Democrat Walter Mondale later held the job.

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The Milwaukee Journal Sentinel October 30, 1990

At the Wellstone rally, Duluth's Margi Preus, 40, did a brisk business selling \$10 T-shirts emblazoned, "Embarrassingly liberal."

"I really do believe that liberal' is not a dirty word and we have to take it back and own it," said Preus, who directs a comedy theater.

Gore and Wellstone showed up to the rollicking sounds of the Bo Deans' "Closer to Free," one of the Democrats' latest set pieces. The vice president applauded Wellstone, who is credited with advancing lobbying reform and a gift ban in Congress, for "courage" and "conscience."

He said the senator would wake every morning "fighting for you no matter what the odds, no matter what the issue, no matter how tough it is."

Wellstone likes to rail against oil, tobacco, insurance and big pharmaceutical companies. His ads attack Boschwitz for transgressions against the environment and his support for a bid to make meat inspections voluntary.

A host of anti-Wellstone ads flaunting the L-word come courtesy of the National Republican Senatorial Committee, which is spending heavily here. Boschwitz once chaired the group.

"Minnesota has been a big priority because it's a place where we think we can knock off a Democratic incumbent," said Patrick McCarthy, committee spokesman.

Boschwitz, for his part, maintains the ads reflect Wellstone's record. "Some of his ads have been at least as tough as our ads," he said. The businessman doesn't think the tone is turning voters off, though that's what some people say.

Steven Schier, chairman of political science at Carleton College, the school in Northfield, Minn., where Wellstone had taught, had this to say about the ads:

"They're about as subtle as a jackhammer. They're pretty hard-edged, and the tone may have jarred some people in an unpleasant way."

That's what David Bennett "a Republican forever" reported. The 49-year-old engineer, from Lake Lillian, Minn., had lent a hand at Boschwitz fund-raisers in the '80s. No more.

He's fed up with the ads, which he says are scripted by Washington types and out of step with Minnesota niceness. Bennett will vote for Dean Barkley, the Reform Party candidate.

One controversial TV spot showed a group of hippies installing Wellstone to the "1967 Liberal Hall of Fame," with the putative devotees holding signs for "Flower Power" and "More Welfare."

Wellstone staffer Sujata Tejwani points out that Wellstone then was married, raising a child, working two jobs and going to graduate school at the University of North Carolina.

A recent news poll showed Boschwitz with a nine-point lead, but the race is regarded as close.

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"Too close to call," Boschwitz said, speaking last week in Duluth after a candidate debate.

And Sen. Russ Feingold (D-Wis.), a Wellstone friend, said the Minnesotan "has told me over and over again he knows he's in for quite a fight."

Boschwitz owns home-decorating stores in four states, including Wisconsin. The stores are Drexel Interiors here. He expects to spend \$4 million in the race; Wellstone, by the end of September, had spent \$5.7 million.

Boschwitz said he was ready for up to two new terms in the Senate, though Wellstone is holding to a 1990 pledge not to serve more than 12 years total.

In Minnesota, home to 4.6 million people, people are sharply divided about who deserves the job.

To Ruth Lundeen, a retired inner-city schoolteacher who makes her home in Edina, a tony suburb of Minneapolis, welfare is a chief issue. And she's for Boschwitz.

The 69-year-old woman complains about people "working their buns off to make a living" while other families have been on the dole for three and four generations.

But Jim Burke, 29, a TV sports producer who edits game highlights for a satellite service, likes what he sees when he sees Wellstone. He supports education, favors abortion rights, opposes the death penalty and doesn't "want to see welfare eradicated."

Burke agreed the word "liberal" was an apt description of Wellstone. "But we need people like that to balance out the Newt Gingrichs and Jesse Helmses of the world," he said.

GRAPHIC: Photo

Wellstone

LOAD-DATE: October 30, 1996

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11TH STORY of Level 1 printed in FULL format.

Copyright 1996 The San Diego Union-Tribune  
The San Diego Union-Tribune

August 22, 1996, Thursday

SECTION: OPINION; Ed. 1,2,3,4,5,6,7,8; Pg. B-10

LENGTH: 854 words

HEADLINE: Conservative voices in San Diego

SERIES: REPUBLICAN NATIONAL CONVENTION SAN DIEGO 1996

BYLINE: Ben Wattenberg  
(C) Newspaper Enterprise Association

BODY:

My rating of the events in San Diego last week on a scale of one to 10: The bubble-headed media get a three, the goody-two-shoes GOP convention gets a seven, heroic Bob Dole gets a nine.

The so-called mainstream media, certainly the networks, are almost hopeless. Was Dole's speech "above expectations," or "below expectations," or (Mama Bear) just about at expected expectations? Was the whole San Diego convention nothing more than an "infomercial"?

What percentage of the delegates were black? (Without asking what percentage of Republican voters are black.) What percentage of the delegates were millionaires? (Income or assets? Including the value of pension plans and homes? What percentage of the journalists qualified?)

The first three days of the convention were overflowing with goo and goodness. My gracious, what an inclusive party!

Women, blacks, Hispanics, handicapped people, young people, rock 'n' roll, the Macarena. (Did the GOP lose the Glenn Miller vote?)

In fairness, after the media mugging the GOP received in 1992 at Houston, and after about \$70 million to \$100 million of unanswered Democratic attack advertising during the last year, the Republicans had to demonstrate that they were not white-male realots intent on starving old people and trashing single mothers. Fact is, they will accept most any vote.

Only Dole offered serious substance. I do not know why his acceptance speech did not dwell more intently on the two magic words of American politics -- "liberal" and "conservative" -- but those words were what the address was about. And about time.

Dole says America has made a wrong turn. (Unstated, but you know it was engendered by muddled liberal thinking.) He asks:

"After a decade of assault upon what made America great, upon supposedly

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obsolete values, what have we reaped? What have we created? What do we have?"

And he answers: "What we have in the opinion of many Americans is crime and drugs, illegitimacy, abortion, the abdication of duty and the abandonment of children." He calls what has happened "the virtual devastation of the American family," which, with a 33 percent illegitimacy rate, is not an overstatement.

He says that the American people were "gravely insulted" in 1992 by Clinton and his party, trumpeting that "It's the economy, stupid." He says, "All things do not flow from wealth or poverty. . . . All things flow from doing what is right." In short: Values matter most, to recall the title of a wonderful book.

He has some conservative ways to get Americans on the path of doing right once again. School choice (i.e., "opportunity scholarships") is one way to get some discipline back into our school system and to help the disadvantaged.

Regarding crime, he notes that the root cause of crime is criminals, that they have been coddled by liberal judges, and that he would "work with the nation's governors to abolish parole for violent criminals all across America."

Having put economics where it belongs, in second place, Dole says that conservative thinking and policies can make Americans richer. Just as the government didn't help much in the values arena, Dole says it's not helping much on the economic front. He says: "You shouldn't have to apologize for wanting to keep what you earn. To the contrary, the government should apologize for taking too much of it."

Dole says it has been liberal taxing, spending and bungling that has restrained growth in the economy, and hence his proposal for a so-called "supply-side" tax cut.

"Supply-side" is a pejorative term for "incentive."

A tax cut, says Dole, will let Americans keep more of their money, while stimulating investment and growth, which make up for 27 percent of the lost tax revenues.

A modest cut in the rate of increase of government spending will keep down governmental scheming and balance the budget.

Dole and the Republicans will make the case that, unlike a similar initiative in the Reagan 1980s, this will not balloon the deficit. Why not? Unlike the 1980s, there will be a Republican Congress to make the spending cuts stick, there will be a line-item veto for President Dole to use, the tax cuts are less, and the deficit, in any event, is at a much lower proportion of the national economy.

All this, says Dole, will redress a situation in the Clinton administration (and in the Democratic Party) where "a corps of the elite who never grew up, never did anything real, never sacrificed, never suffered and never learned . . . have the power to fund with your earnings their dubious and self-serving schemes."

A word he uses to describe the elite corps is "permissive," a gem of a word

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not heard much since Spiro Agnew left town. (Yes, Virginia, bad men can use good words.)

Conservatives, says Dole, can do it better than those liberals.

Fair enough. We use the words liberal and conservative because they do tend to put in shorthand two legitimate lenses through which voters see politics and policy.

We ought to have a presidential election about that. And now, happily, it looks as if we will.

LANGUAGE: ENGLISH

LOAD-DATE: August 24, 1996

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Copyright 1995 The Hearst Corporation  
The Times Union (Albany, NY)

November 3, 1995, Friday, ONE STAR EDITION

SECTION: MAIN, Pg. A13

LENGTH: 762 words

HEADLINE: Clinton says he let down Democrats

BYLINE: BEN WATTENBERG

BODY:

President Clinton phoned me the other day to chat for almost an hour about my new book, "Values Matter Most," which he has been reading and skimming. He praised it and its theme, and discussed the current political situation. I was thrilled, but somewhat surprised by the praise because the book is sometimes quite critical of Clinton.

Roughly, this is the theme of the book: Economics is no longer the No. 1 political issue. Values are; social issues are. Democratic liberalism linked the national party to softness on these non-economic issues, leading to defeats. A political "Z" pattern then unfolded. In 1992, Clinton valiantly pulled the party of the left toward the center, stressing social issues, calling for "personal responsibility" and "no more something for nothing."

But once elected, Clinton and a liberal Democratic Congress reverted toward the liberal left. The Republicans exploited this turn in 1994 and are now legislating toward the center-right. Clinton is re-reverting trying to re-capture the New Democrat flag. Left, right, left, right the zigzag politics of Zorro.

Clinton's 1993-94 zig to the left, I explain in the book, deeply disillusioned me and Democrats of my stripe. Clinton understands. I report what he said about the book not just because I could fondle such words forever. The President said it was the "most honest criticism of the administration." At another point in the conversation he said that it "hit on substance and helped him gain perspective . . ." that it was "honest, open, not mean-spirited . . . the kind of book any president would appreciate." He also noted several times that there are some things in the book he doesn't agree with, and there are some things about which we would probably never agree.

Clinton told me he had recently been thinking through the current political situation and had come up with a phrase to describe it: "Values matter most." Accordingly, he had been somewhat astonished when he received a set of page proofs of a book with that very title.

He says that in 1993 and 1994 he was too interested in the "legislative scorecard rather than in philosophy." He was "so anxious to fix the economy" that he "changed philosophically and missed the boat." He "lost the language" that had shaped him as a New Democrat concentrating on values. He

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behaved "like a prime minister, not a president." After the 1994 election, he realized he had created "a cardboard cut-out of himself."

I said that I had not been pleased with his welfare bill, which I thought was soft and weak. He agreed, saying, "I wasn't pleased with it either." He said he should have introduced a welfare bill as soon as he saw that his health care program was in trouble. He agreed with my analysis in the book that his education plan, "Goals 2000," started out as a fine piece of work, but didn't end up that way. (We differed about the crime bill.) He said he had "let Democrats down" by not drumming home his message about values.

Clinton has said before that he had been portrayed in an unfavorable way. Now he is apparently saying that much of that portrayal was accurate and was his own fault. Moving on, he intends to recapture that New Democrat ideology.

How? He said he thought that the Democrats in Congress had done more moving to the center in 1993-94 than is generally acknowledged, citing, for example, the fact that the Congressional Black Caucus had supported the crime bill. He noted that the percentage of federal employees in the work force today is the lowest since 1933.

He thinks the recent Senate vote on welfare, with three-quarters of the Democrats voting in favor of a very tough bill, demonstrates that the Democratic move to the center is intensifying now. He is hopeful that the House-Senate conference will present him with a welfare bill that is tough, but not harsh, and that he can sign it. He hopes he and the Democrats will be able to compromise with the Republicans on an "honorable budget." That, and more, he believes will show his true colors and show that he, and the Democrats are now, really, New Democrats.

The "Z" is stunning politics. It will surely alienate the Democratic left. It will likely raise fresh credibility problems about the President. It's the right path for the country. And while it will be difficult in any event, it's the only way Clinton can win.

Ben Wattenberg is a senior fellow at the American Enterprise Institute. This column is based on an exclusive interview with President Clinton.

LOAD-DATE: December 19, 1995

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2ND STORY of Level 1 printed in FULL format.

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ASAP

Copyright 1988 The New Republic Inc.  
The New Republic

December 5, 1988

SECTION: Vol. 199 ; No. 23 ; Pg. 11; ISSN: 0028-6583

LENGTH: 3588 words

HEADLINE: Tough liberals win, weak liberals lose; Recriminations '88

BYLINE: Schneider, William

BODY:

IT COULD HAVE been a lot worse, say Democrats. Michael Dukakis got 112 electoral votes. That's a 750 percent improvement over Walter Mondale! Dukakis's 46 percent of the popular vote is the highest losing percentage the Democrats have gotten since 1964. Not only that, but the Democrats gained Senate seats, House seats, state legislative seats, and a governorship. That is a rare achievement for a losing party in a presidential race. "Coattails?" observed Representative Patricia Schroeder. "Bush got elected in a bikini.,'

On the other hand, think of it this way: the Democrats lost to George Bush and Dan Quayle. Last year a Democratic senator quipped, "If we can't beat George Bush, we'd better find another country." Well, they didn't beat George Bush. But there's an election in Canada later this month.

How's this for an irony? Democrats used to wear buttons saying "The gender gap will get you." The gender gap turned out to be slightly wider this year than it was in 1980 and 1984. In the last two elections, however, it didn't make any difference. Both men and women voted for Ronald Reagan. This year it made a difference. According to the exit polls, women were either evenly split or gave a slight edge to Dukakis. Men voted for Bush by a wide margin. In other words, men elected Bush. The gender gap got the Democrats.

Here are three explanations for what happened to the Democrats this year: (a) Dukakis lost because he ran a lousy campaign. Implication: If Dukakis had run a better campaign, or if the party had put up a better candidate, the Democrats would have won. Not to worry. (b) Dukakis lost because of peace and prosperity. Implication: The Democrats lose because they always seem to run at the wrong time (like every four years). Just wait for things to get really bad under the Bush administration. Not to worry. (c) Dukakis lost because the country doesn't want to buy what the Democrats have to sell. You just can't market liberalism these days. Implication: The Democrats can't win for the foreseeable future. Start worrying.

The correct answer is all three. The Dukakis campaign really didn't have anything to sell the voters. So it was forced to sell off Dukakis as a liberal. He was the first remaindered candidate in the history of American politics.

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The Republicans knew from the outset that if the election were a referendum on Bush, they would lose. Bush just had too many negatives: the wimp image, his upperclass origins, his repeated lapses of judgment (Marcos, Noriega, Iran-contra, Quayle), and the normal desire for change after eight years. So the Republicans turned the election into a referendum on Dukakis. The central issue in the campaign became Dukakis's values instead of Bush's judgment. Bush called Dukakis a Massachusetts liberal. Dukakis had a hard time denying it. He is a Massachusetts liberal. It just wasn't anything he planned on talking about during the campaign.

The fact is, Michael Dukakis never had to defend his values before this year. Liberal values are not controversial in the Democratic Party. And they are no big deal in the Commonwealth of Massachusetts, where the Republican Party is a joke. Suddenly last summer, Dukakis came face to face with real Republicans. And like Sebastian Venable, he got eaten alive.

Bush used the Pledge of Allegiance and the "tank commercial" to convey the idea that Dukakis was weak on defense (with, perhaps, the subliminal message that a son of Greek immigrants was not a real American). Bush used the ACLU issue and the furlough ad to portray Dukakis as soft on crime (with, perhaps, a subliminal appeal to white racism). Dukakis's chosen theme of competence got sunk in Boston Harbor. How did Dukakis respond? By doing nothing. Which confirmed what Bush was saying: "I'm not the wimp. He's the wimp."

Dukakis thought he could win the presidency the same way he won the Democratic nomination—by being the "remainderman." During the primaries, he watched the other candidates either self-destruct (Hart, Biden) or destroy one another (Gephardt, Gore, Jackson). Dukakis just picked up the pieces and walked away with the nomination. He thought he could summer in the Berkshires and wait for George Bush to destroy himself.

In March, a week after Super Tuesday, when Dukakis won Florida and Texas, he came in an embarrassing third in Illinois. The next week Jesse Jackson beat him in Michigan. Everyone started screaming advice at Dukakis, but the governor refused to panic. He knew that if he stayed cool, he wasn't going to lose to Jesse Jackson. That's exactly how Dukakis responded when the same thing happened to him in August. After Bush went negative on Dukakis, Democrats started pressuring him to fight back. Dukakis remained cool. He had heard it all before. No one would believe those preposterous commercials anyway. "We used to read this stuff and laugh and say, 'How can this be? Why would people take this seriously?'" his chief secretary recalled to the New York Times.

If Dukakis refused to take Bush seriously enough, Bush took Dukakis far too seriously. His anti-Dukakis commercials had an ominous, threatening quality. Bush depicted the governor of Massachusetts as a menace to the republic. Over laws-like theme music, the ads closed with the line.

"America can't afford that risk." It worked. Dukakis's unfavorable ratings doubled from 25 percent in July to 50 percent in October, according to the NBC News-Wall Street journal poll. The view that Dukakis would do a better job than Bush of maintaining a strong national defense dropped by ten points. In July, Dukakis beat Bush, 40 percent to 24 percent, as the candidate who would be tougher on crime. By October, Bush was ahead, 56 percent to 27 percent. In June,

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30 percent of the public labeled Dukakis a liberal. In October, the figure reached 51 percent.

Dukakis's great weakness was his total inability to sustain a theme. He started out with competence, until his campaign proved otherwise. Then he told people that the 17 million added jobs under Reagan were not "good jobs at good wages." How many people like to be told that their jobs stink? He ran television commercials talking about the nation's "sham prosperity." But to most people, sham prosperity is a lot better than what they had under Jimmy Carter.

Dukakis spent a week or so on the "middle-class squeeze," during which he came up with approximately one new program a day. In the second debate with Bush, he hit upon the worst theme of "Tough choices will be required," he told the nation "choices I am prepared to make and Mr. Bush is not prepared to make." Bush said, "I am optimistic and I think we can keep this long expansion going." The American people were asked to choose between a candidate whose theme was "We're all right, Jack," and a candidate who said, "Eat your broccoli."

Finally, Mr. Competence became Mr. "On-your-Side." We got a dash of Gephardt nationalism and some warmed over Mondale populism. The Dukakis campaign could never decide what it wanted to sell. So the Republicans took over the marketing. "Even though Dukakis avoided the interest group endorsements," a GOP strategist told the Los Angeles Times, "we were able to define him as a liberal because he did not have any overall theme or identity of his own."

WHY HAS liberalism become such a scare word? The reason is that Reagan has changed the shape of American politics. He has created a powerful political coalition that brings together a variety of interests united by one thing—a distaste for big government. The key constituency in the Reagan coalition is middle-class voters who want low taxes. Thirty years ago, these voters thought of themselves as beneficiaries of government services. Now they think of themselves as taxpayers. Three things happened to change their view of government. In the 1960s the War on Poverty ended up in controversy and failure. As a result, social welfare programs began to lose their middle-class constituency. In the 1970s the inflation crisis gave rise to a tax revolt. The wrath of the middle class was aimed at big government, which was seen as poisoning the nation's economy. And in the 1980s Reagan's anti-government program produced, or at least coincided with, a six-year economic recovery.

Look at how Dukakis and Bush approached middleclass voters. When Dukakis talked about "the middle-class squeeze," he was dealing with middle-class voters the same way Democrats have always dealt with constituencies: "You've got a problem. We've got a program." He had a program to help with college tuition expenses, a program to meet child-care needs, a program to provide health insurance for all employees, and a program to encourage affordable home mortgages. These programs were all ingeniously designed to be "self-financing." Middle-class voters tend to be suspicious of government programs. They are afraid that the programs are going to end up costing them money and helping other people. Bush addressed middle-class voters quite differently. He said, "You're in a financial squeeze? Here's what we're going to do for you. We're going to keep the recovery going." The solution middle-class voters want isn't programs. It's prosperity. And that is exactly Bush's mandate—to keep the recovery going. If he does that, he will be a fine president. If he doesn't, he will be in deep doo-doo.

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The Reagan coalition also includes business interests that favor a deregulated business environment. It includes religious conservatives who oppose judicial activism. It includes neoconservatives who want a more aggressive foreign policy. And it includes white voters motivated by racial fear and resentment. The two constituencies in which the Democrats have lost the most

support over the last 25 years are Southern whites and Northern urban ethnics (formerly called the Archie Bunker vote, now the Morton Downey Jr. vote). These voters see the federal government as the protector of black interests and the promoter of the civil rights agenda.

FDR brought together a coalition of interests who wanted something from government. The Reagan coalition is its mirror image-groups that want less from government. To the amazement of many observers, the coalition held together this year for George Bush. What keeps it together is the perception of a common threat, namely, liberalism. Reagan voters fear that liberals will regain control of the federal government and use it, as they did in the past, to carry out an agenda that includes taxes, regulations, social reforms, and anti-military policies. Bush kept the coalition together because he succeeded in dramatizing the liberal threat.

THE very end of the campaign, Dukakis used economic populism to rally the Democratic Party base. It worked. No Republican since 1952 has done as badly among Democrats as George Bush did this year. In the end, Dukakis pulled the Democratic Party together better than either Carter in 1980 or Mondale in 1984. Then why didn't he win?

Because the Democratic base has shrunk. You can't win elections any more just by holding the Democratic Party together. Exit polls show Democrats and Republicans evenly balanced among 1988 voters. In fact, Dukakis reclaimed a majority of Reagan Democrats. But they comprised less than ten percent of the electorate. Former Democrats who voted for Reagan are still around, of course. It's just that a lot of them no longer call themselves Democrats.

The class-warfare strategy worked for Harry Truman in 1948. It almost worked for Hubert Humphrey in 1968. But it didn't work for Michael Dukakis in 1988. Like Nixon and Reagan before him, Bush used social populism to undercut the Democrats' economic populism. Bush countered Dukakis's claim "I'm on your side" by asserting, "Values are the thing the working man is going to decide on. I've got those values on our side."

National Journal has produced a map of county-by-county results for the 1988 presidential election. Dukakis carried the black belt counties of the South. He carried the liberal belt along the Northern tier-New England, New York, the upper Midwest, and the Pacific Coast from Seattle to San Francisco. He carried the Hispanic belt in south Texas and New Mexico. He carried Hawaii, which is an Asian archipelago. He carried a scattering of farm belt counties in Missouri, Illinois, and Iowa. And he carried Appalachia, where there are a lot of poor whites but few blacks.

In presidential voting, the Democratic Party is now close to becoming a party of blacks and white liberals. In other words, the Jackson constituency and the Dukakis constituency. The two together are far from a national majority. And

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they don't even get along with each other.

THEN WHY do the Democrats still do so well below the presidential level? Because races below the presidential level are rarely ideological. Challengers, who are often unknown to the voters, find it hard to engage incumbents on the issues. Since most incumbents are Democrats, the Democratic Party has a continuing advantage—so long as it can keep ideology from seeping into state and local voting.

There are two ways Democrats try to keep this from happening. One is to run on competence. Democrats are generally rated better at providing the kinds of benefits and services people want from government. The other is to exploit the advantages of incumbency. This means maintaining a good, and well-publicized, record of constituency service. "We do better the closer we get to people's garbage," one Democratic consultant told the Washington Post. Dukakis ran for president on competence as if he were running for governor. Only it didn't work. You can't exclude values from a presidential election.

Democrats have been engaged in "rethinking" what their party stands for ever since the shock of 1980, and what have they come up with? Pragmatism. 1988 proves that pragmatism is not enough.

Dukakis, of course, is the ultimate pragmatist. He represents the post-ideological generation of Democrats, those who grew up with the civil rights and anti-war movements and remain loyal to those values, but have mastered a new, technocratic style of politics. By putting Lloyd Bentsen on the ticket, Dukakis forged the ultimate pragmatic coalition, Bentsen is a Tory Democrat, a remnant of the preideological tradition of the Democratic Party. Like Dukakis, Bentsen sees the Democrats as a governing party, not as a party of activists. With Dukakis and Bentsen on the ticket, the pre-ideological and post-ideological traditions joined forces. And it made a lot of liberals nervous.

Jesse Jackson, for one. Jackson went along with the ticket, but he never quite concealed his reservations about it. How could the Democrats win if they didn't say anything? In agreeing to support the ticket, Jackson said, in essence, "Go ahead. Do it your way. I'll do what I can to help." But there was another message: "This had better work." It didn't. When a party loses over and over again, as the Democrats have now done in five out of the last six presidential elections, it faces the likelihood of a fundamentalist revolt. At every Democratic convention, someone delivers the party's revival speech. Jackson gave the speech this year, just as Edward Kennedy did in 1980 and Mario Cuomo did in 1984. Each of them defined the party's traditions, ideals, and values. The delegates cried and cheered. Their souls were saved. The party then compromised its traditions, ideals, and values by nominating someone else. Now Jackson is saying that the "centrists" have had their chance. They got Super Tuesday, superdelegates, Dukakis, Bentsen, a meaningless platform, and a timid campaign. Enough compromises, says the left. Next time we want a real Democrat. The moderates have had their chance, and they failed.

THE MODERATE position—pragmatism—has collapsed. So there is nothing between those who want to reaffirm the party's old-time religion and those who want to turn to the right. The problem is that both positions are unrealistic. By moving to the left, the Democrats are only going to make things worse for themselves. Whenever they put up a liberal ticket, the Democrats get locked out of the

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South. It wasn't supposed to happen this year, not with Bentsen on the ticket and Dukakis running on competence rather than ideology. But the minute Dukakis was exposed as a liberal, the lock closed. The South was lost. It was not quite as bad as in previous years, however. Forty-six percent is better than 40 percent.

It is equally unrealistic to argue that the Democrats should abandon liberalism. The Democratic Party is a liberal party. That is not likely to change, nor should it. The country does not need two Republican parties, even if liberalism is currently out of fashion. After all, conservatives nurtured their anti-government doctrines for 50 years until the Great Inflation of the 1970s finally brought them to ascendancy.

In any case, the nominating process will not allow for much backsliding. No matter how many superdelegates there are, primary voters and caucus participants still control the outcome. And Democrats who choose to participate in those activities are strongly tilted to the left. This does not mean that the most liberal candidate will necessarily win the nomination. It means that the Democratic nominee must be acceptable to liberals, just as the Republican nominee must be acceptable to conservatives.

Jimmy Carter, for instance, was widely distrusted by liberals. But he was legitimized by the civil rights issue. No Democrat who got all those black votes could be considered outside the tent. When Lloyd Bentsen ran for president in 1976, he was very far outside the tent; he ended up with just 4,000 votes. Today there is good reason to believe that Bentsen would be acceptable to liberals. He has done his service for the cause.

THE LESSON of 1988 is that the Democrats have to run a thematic campaign. But the theme cannot be liberalism. There are plenty of themes a good Democrat can run on without repudiating liberalism. Paul Kirk is right when he says, "I don't think we need to go back and try to rediscover the soul of the Democratic Party." The Democrats need three things to regain the White House—the right opportunity, the right campaign, and the right candidate.

The right opportunity comes when there is a strong desire for change. Watergate created a powerful market for change in 1976, for instance, as did inflation and the hostage crisis in 1980. A lot of Democrats thought the Irancontra scandal and the stock market crash would do the same thing this year. But peace and prosperity prevailed, and the tide for change receded as the campaign went on.

The right campaign means finding out what the voters want that they are not getting. And then selling it to them. After eight years of Eisenhower, youth, dynamism, and vigor sold very well. In 1968, when the country was being torn to pieces, the voters desperately wanted order. After Watergate, 1976 saw a big market for morality. And in 1980, after Jimmy Carter, people were looking for leadership. None of these themes was ideological. They were based on a shrewd assessment of the times. The right theme for 1988 might have been competence, given Reagan's failings as a manager. But it never really sold. When things are going well, who worries about competence?

The right candidate is the biggest problem of all. What the Democrats need is a tough liberal. That is not an oxymoron. It is what Dukakis meant when he

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said, "I'm a liberal in the tradition of Franklin Roosevelt and Harry Truman and John Kennedy." It is also what Bush meant when he said, "No, you're not. You're a liberal in the tradition of George McGovern and Jimmy Carter and Walter Mondale."

What's the difference between FDR, Truman, and Kennedy on the one hand, and McGovern, Carter, and Mondale on the other? To begin with, the first three aren't around anymore. Ben Wattenberg calls this the "dead liberal" syndrome. Dead liberals are good. Living liberals are bad. But there is another difference. Roosevelt, Truman, and Kennedy (as well as LBJ) were all tough guys. They couldn't be pushed around by the Russians or by the special interests in Washington. McGovern, Carter, and Mondale (and, for that matter, Adlai Stevenson and Hubert Humphrey) had the image of weak liberals. All of them were respected for their integrity. But none was considered tough enough for the job.

Tough liberals win. Weak liberals lose. What happened to Dukakis this year is that his image changed. He started out looking tough when he took on the Democratic field and went the distance with Jesse Jackson. But the Republican campaign turned him into a wimp. His support dropped to 40 percent-about the same as where McGovern, Carter, and Mondale ended up. Only when he came back swinging did Dukakis begin to rise again in the polls.

Ideology is a problem, but one that can easily be overcome. Just find the right theme. That's what Reagan did in 1980. The polls showed that his right-wing views frightened most voters. They were afraid he would start a war or throw old people out in the snow. Reagan was elected in spite of, not because of, his ideology. He offered people something they wanted-leadership. No Democrat is going to win the presidency these days because he is a liberal. But with the right campaign, he can win despite being a liberal.

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Monday, October 14, 1996

NEWS

Sun Journal

Incumbent is liberal and proud; Campaign: In Hubert H. Humphrey's home state, a former Republican senator, Rudy Boschwitz, is using his incumbent opponent's views against him.; CAMPAIGN 1996

Sandy Banisky  
SUN NATIONAL STAFF

MINNEAPOLIS -- In this campaign season, when panicky candidates everywhere are trying to squeeze themselves into the center, Republicans are taunting Sen. Paul Wellstone. He's beyond liberal, they say. He's "ultraliberal." No, wait: He's "embarrassingly liberal," way too liberal for Minnesota.

Too liberal for Minnesota? The home of liberalism's patron saint, Hubert H. Humphrey, and his acolyte Walter Mondale?

Thirty-four Senate seats are being contested this year. In most of the close races, the candidates are either trying to position themselves in the political center or moderate Democratic candidates face challenges from conservative Republicans.

But Wellstone could not retreat from the liberal label if he wanted to, which he doesn't. "If being liberal means standing up for working families " he says.

Six years ago, Paul Wellstone -- all rumpled clothes and scuffed shoes and sentences jam-packed with talk of political reform -- came from the grass roots to defeat two-term Republican senator Rudy Boschwitz.

This year the two are at it again, in a campaign that looks like a grudge match. Boschwitz, the lanky millionaire businessman, could have run for an open Senate seat in 1994.

Instead, he waited for Wellstone.

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**(Publication page references are not available for this document.)**

Polls show the race is a dead heat. Wellstone's midsummer nine-point lead has evaporated, with Boschwitz pummeling the incumbent with an avalanche of ads.

Wellstone, 52, is constitutionally incapable of acting like the comfortable incumbent. He talks too fast, waves his long arms too much, walks with a hobble because college wrestling ruined his knees. He's an office-holder with the air of an underdog.

Boschwitz, 65 and six years out of office, sounds as if he's the incumbent still. He describes himself in Reaganesque language.

"My campaign is about what's right with America," Boschwitz says. It's "about replacing the failed liberal values of the 1960s."

For months, ads paid for by the National Republican Senate Committee (NRSC), chaired by New York conservative Sen. Alfonse M. D'Amato, have been plastering the word "liberal" next to Wellstone's face.

"Clinton has a huge lead here. Farmers are positively giddy about him," says D. J. Leary, who edits a state political newsletter. "Yet I can find virtually no coat-tails for Wellstone. Clinton needs to come here and just wrap his arms around this guy. He needs every vote he can get. It's very close."

A poll by the Minneapolis Star Tribune and WCCO-TV suggests that Boschwitz's anti-liberal message is having an effect. Forty-seven percent agreed that "Paul Wellstone is so liberal that he's out of step with the state."

The Democratic Party here isn't just the Democratic Party. It's the DFL, for the decades-old coalition of Democrats and the Farmer-Labor Party. The DFL, led by Humphrey, stood for big, compassionate government, civil rights and labor unions.

Though the DFL doesn't dominate politics as it once did, "It is true that the state is among the most liberal in the country," says Steven Smith, professor of political science at the University of Minnesota.

But like all states, he says, it's heterogeneous, with Republican power in some upscale suburbs, some rural areas and among the Christian right.

In 1990, Wellstone ran as an outsider, touring the state in an old green bus. Outspent by Boschwitz about 7-to-1, he was a

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political phenomenon, the hyperactive college professor who'd never held elective office.

Wellstone was the little guy with a grass-roots campaign. To his political opponents, he was a self-serving pest.

He points to his accomplishments: Wellstone championed restrictions on lobbyists, fought to increase the minimum wage, supported job protections for the mentally ill. When the Senate gave itself a raise, Wellstone voted no and gave the increase to charity.

He was only senator running for re-election this year to vote against the welfare reform act. Wellstone says he favors changes in the welfare system, including workfare, but opposed this bill as too harsh. "Calling this welfare reform," he said during last summer's vote, "is like calling ketchup a vegetable."

While he's being tagged too far to the left, Wellstone has tried to link Boschwitz to conservative extremists. "Please understand, Minnesotans," Wellstone said in the debate, "he has supported all of the Gingrich party agenda."

Boschwitz, in his two Senate terms, had a political profile far lower than Wellstone's.

Born in Berlin, he came to the United States at 5, when his father moved the family from Nazi Germany. Boschwitz graduated from the Johns Hopkins University and founded Plywood Minnesota, now Home Valu, a chain of lumber-home improvement stores.

In television ads, Boschwitz was the pitchman -- a guy in a plaid shirt talking about deals on cabinets. He used that recognition to his advantage when he was elected to the Senate in 1978.

Now, as he runs to reclaim that seat, Boschwitz is hammering away at one theme: Wellstone, he says, is a big-spending, welfare-supporting, '60s-loving liberal. Boschwitz, whose Senate politics were moderate to conservative, this time calls himself "a mainstream Minnesotan."

Since the spring, Boschwitz has benefited from a barrage of anti-Wellstone advertising paid for by the NRSC -- ads nearly identical to spots in other states where Republicans face close races. Under Federal Election Committee rules, the ads are exempt from spending limits if they are voter-education or issue oriented.

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**(Publication page references are not available for this document.)**

The anti-Wellstone ads run relentlessly, calling the senator "the biggest spender in the whole Senate." Another says he's soft on crime, voting "to let violent criminals out of jail early." The ad, which featured Wellstone's face next to the body of a stabbing victim, infuriated his campaign.

Wellstone says he indeed voted twice against bills that would require violent criminals to serve 85 percent of their sentences. But so did many Republican senators, including D'Amato, chair of the NRSC, which produced the ad. What the Boschwitz's ads don't say, Wellstone says, is that the senator voted for President Clinton's anti-crime bill, "the toughest anti-crime bill in history."

Boschwitz sees Wellstone's vote against welfare reform as a gift from campaign heaven. He bought billboards featuring a cartoon Wellstone in green tights with a "W" on his chest. "Welfare Man!" the ads said. "Senator Paul Welfare."

Then there was the billboard that featured Wellstone's face and the legend, "Liberal Hall of Fame. Paul Wellstone 1967."

Why 1967? That's not clear, except that it recalls the era of unrest that House Speaker Newt Gingrich rails about. A Boschwitz ad uses the same theme: A master of ceremonies looks out at an audience of gray, dazed, post-hippies who applaud wanly as Paul Wellstone is inducted into the Liberal Hall of Fame.

Marson, of the Wellstone campaign, says the pitch is "truly bizarre." Wellstone, who married at 19, was getting through college, working and starting a family in the '60s.

But Leary says Boschwitz's ads "have been very effective, the way Chinese water torture is effective: drip, drip, drip."

As he travels the state, Leary says, he hears people repeating lines from the Republican ads, "too liberal," "more liberal than I am."

Pub Date: 10/14/96

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PHOTO 1 PHOTO 2; Caption: Politics: Challenger Rudy Boschwitz uses billboards like this one to make fun of Minnesota Sen. Paul Wellstone's vote against welfare reform. "Calling this welfare reform is like calling ketchup a vegetable." Sen. Paul Wellstone, Minnesota Democrat; Credit: KNIGHT-RIDDER

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December 20, 1996

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Colleen T. Sealander, Esq.  
Central Enforcement Docket  
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Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

DEC 20 5 24 PM '96

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

Re: MUR 4507 (National Republican  
Senatorial Committee and J.  
Stanley Huckaby as Treasurer)

Dear Ms. Sealander:

Enclosed please find the Response to the Complaint in the above-captioned matter. At present, you will find a copy of one of the Affidavits. We will forward a signed original to you when we receive it.

Sincerely,

  
Jan Witold Baran

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WASHINGTON, D. C. 20006

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December 20, 1996

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Federal Election Commission  
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Attn: Colleen Sealander, Esq.

Re: MUR 4507 (National Republican  
Senatorial Committee and Stan  
Huckaby, as Treasurer)

DEC 20 5 21 PM '96  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

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Dear Mr. Noble:

This response, including the attached Affidavits, are submitted on behalf of the National Republican Senatorial Committee and Stan Huckaby, as Treasurer, ("NRSC") in reply to a complaint filed by the Minnesota Democratic-Farmer-Labor Party and designated Matter Under Review ("MUR") 4507. For the reasons set forth herein, the Federal Election Commission ("FEC" or "Commission") should find no reason to believe that the NRSC has violated any provision of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §§ 431-455 ("Act").

COMPLAINT

The Complaint in this matter alleges, solely on the basis of hypothesis, that independent expenditures made by the NRSC in the United States Senate Race in Minnesota must be treated as coordinated party expenditures. The complaint makes this

Lawrence M. Noble, Esq.  
December 20, 1996  
Page 2

allegation based on what it labels as "coincidences." First, the complaint states that the NRSC and People for Boschwitz "began running two, supposedly separate, ad campaigns against Senator Paul Wellstone and his reelection campaign." Complaint at 1. The complaint then identifies the ads, which it labels as "strikingly similar," as: NRSC "Crime;" NRSC Independent Expenditure "Crime Solution;" NRSC Independent Expenditure "Why;" and NRSC "Fight." Id. at 1-2.<sup>1</sup>

Second, the complaint states that an NRSC press secretary publicly described Senator Wellstone as "embarrassingly liberal" and finds it ostensibly coincidental that the same label was used by the Boschwitz campaign and by Rudy Boschwitz himself. Id. at 2.

Finally, the complaint states that there may be some relevance to the fact that both the NRSC and People for Boschwitz used Arthur Finkelstein as a political consultant but makes no specific allegation of coordination based on this fact. Id.

As will be shown below, the complaint is baseless for there was no coordination.

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<sup>1</sup> The text of each ad is attached for informational purposes. Exhibit A. As will be seen below, however, none of these ads were People for Boschwitz ads. Rather, all four ads were NRSC ads and thus are irrelevant to any allegation of coordination.

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THE LAW

The Supreme Court has held that party committees may make independent expenditures:

We do not see how a Constitution that grants to individuals, candidates, and ordinary political committees the right to make unlimited independent expenditures could deny the same right to political parties.

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Colorado Republican Federal Campaign Committee v. FEC, 116 S. Ct. 2309, 2317 (1996). In so holding, the Supreme Court rejected the previously held Commission "presumption that all party expenditures are 'coordinated'," id. at 2318, a regulation which the Commission has since deleted. Thus, the Court required that independent expenditures be examined on their own merits, not on the basis of which entity made them.

The Federal Election Commission Regulations define the term "independent expenditure" to mean:

an expenditure for a communication by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

11 C.F.R. § 100.16. See also 2 U.S.C. § 431(17) and 11 C.F.R. § 109.1(a). At present, the FEC regulations also have a separate provision defining these terms.

(4) Made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of the candidate--

(i) Means any arrangement, coordination, or direction by the candidate or his or her agent prior to the publication, distribution, display, or broadcast of the communication. An expenditure will be presumed to be so made when it is--

(A) Based on information about the candidate's plans, projects, or needs provided to the expending person by the candidate, or by the candidate's agents, with a view toward having an expenditure made; or

(B) Made by or through any person who is, or has been, authorized to raise or expend funds, who is, or has been, an officer of an authorized committee, or who is, or has been, receiving any form of compensation or reimbursement from the candidate, the candidate's committee or agent;

(ii) But does not include providing to the expending person upon request Commission guidelines on independent expenditures.

(5) Agent means any person who has actual oral or written authority, either express or implied, to make or to authorize the making of expenditures on behalf of any candidate, or means any person who has been placed in a position within the campaign organization where it would reasonably appear that in the ordinary course of campaign-related activities he or she may authorize expenditures.

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Thus, provided the NRSC independent expenditures meet the definition of independent expenditures, which they do, the case must be dismissed.

FACTS

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The NRSC did, in fact, and in law, make "independent expenditures" in opposition to the Democratic candidate for United States Senate from Minnesota, Paul Wellstone. They were not coordinated expenditures, and they were not turned into coordinated expenditures simply by virtue of the fact that they were made by the NRSC as the complainant would have the Commission believe. Rather, the NRSC specifically designed a unit which would make its independent expenditures, took every potential precaution to ensure the independence of every independent expenditure, obtained affidavits of independence and signed contracts prohibiting coordination, and in fact, made independent expenditures.

A. The Independent Expenditures Unit Of the NRSC.

In the wake of the Colorado Republican Federal Campaign Committee v. FEC decision, the NRSC created an Independent Expenditures Unit which operated as a separate unit of the NRSC. See Affidavit of John Heubusch before the Federal Election Commission in Matter Under Review 4507 ("Heubusch Aff.") Exhibit B at ¶¶ 2 and 3. This unit was headed by Greg Strimple who was selected because he had no prior communication with any candidate,

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candidate committee, or candidate's agent with regard to either coordinated or independent expenditures. Id. at ¶ 4. Further, this unit and the rest of the NRSC were required to abide by specific operating procedures. As Mr. Heubusch, the Executive Director of the NRSC attests:

Specifically, I ordered the newly created Independent Expenditures Unit to be housed at a location outside of the Ronald Reagan Center, the headquarters of the NRSC. I also forbade the Independent Expenditures Unit from having any contact with any remaining employees of the NRSC unless I so designated. Likewise, I forbade the remaining NRSC employees from having any contact with the Independent Expenditures Unit. In addition, I ordered the NRSC staff not to discuss the topic of independent expenditures with any candidate committee or the general public.

Id. at ¶ 3.

In addition, each member of the Independent Expenditures Unit was required to sign a statement that they would not coordinate their activities with any candidate or candidate's agent. Id. at ¶ 6. Specifically, as attested to by Mr. Strimple, the Director of the Independent Expenditures Group,

This statement read, in part, that all independent expenditures made by the NRSC would be made

without the cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any

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authorized committee or agent of such  
candidate.

Affidavit of Gregory Strimple before the Federal Election  
Commission in MUR 4507 ("Strimple Aff.") Exhibit C at ¶ 4. This  
statement also read:

we have not consulted with any candidate  
regarding any proposed coordinated expenditures  
or any proposed independent expenditures to be  
made by the NRSC. Furthermore, we will not  
consult with other NRSC employees who have  
specific knowledge of a candidate's needs or  
plans, or who consult with candidates on a  
regular basis. We will not make any  
arrangement or otherwise coordinate or take  
direction from any candidate or candidate's  
agent prior to the publication, distribution,  
display, or broadcast of the communication.  
Moreover, these communications will not be  
based on information about the candidate's  
plans, projects, or needs provided to the  
Independent Expenditures Group by the  
candidate, or by the candidate's agents, with a  
view toward having an expenditures made.

Id. at ¶ 5. Each member of the independent expenditures unit  
abided by these restrictions. Id. at ¶ 6.

Furthermore, the Independent Expenditures Group was prohibited  
from using any vendor in a state if the vendor was also assisting  
the candidate in that state. Each vendor contract reflects this  
prohibition on the vendor. Furthermore, each vendor was required  
to sign an affidavit of independence. Id. at ¶ 11.

In addition, the Independent Expenditures Group was also  
specifically prohibited from having any contact with Arthur

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Finkelstein. Heubusch Aff. at ¶ 8. Thus, both in theory, and in fact, the Independent Expenditures Group had no contact with Mr. Finkelstein, either in his capacity as a consultant to the NRSC or in his capacity as his consultant to the Boschwitz campaign. See Strimple Aff. at ¶ 9.

B. The Minnesota Independent Expenditures.

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Consistent with the affidavits signed by each member of the Independent Expenditures Group as well as by each vendor who did work for the group, the Minnesota "independent expenditures were made without any form of cooperation, contact, or discussion with the Boschwitz campaign or its agents." Strimple Aff. at ¶ 8. "[T]he Independent Expenditures Group had no contact with any employee of the Boschwitz for Senate Committee either before, during, or after the airing of the independent expenditures." Id. at ¶ 10. Furthermore, as already stated above, "Mr. Finkelstein was prohibited from consulting with the Independent Expenditures Group, never mind coordinating any activity with [them]." Id. at ¶ 9.

As for the vendors associated with the Minnesota independent expenditures, "[t]here were three vendors involved in the Minnesota Independent Expenditures. They were Kieran Mahoney and Associates, Gannon, McCarthy & Mason, and First Media Services Corporation d.b.a. Multi-Media Services Corporation. Each vendor signed a

restrictive contract as well as an affidavit of independence." Id.  
at ¶ 12. Mr. Mahoney, who acted as a general consultant to the  
NRSC Independent Expenditures Unit was the person responsible for  
the four "strikingly similar" advertisements. As he attests "I  
personally wrote each of these ads, each of which were aired by the  
NRSC qua NRSC. None of these ads were aired by the NRSC on behalf  
of the Boschwitz campaign, i.e. -- as a coordinated expenditure."  
Affidavit of Kieran Mahoney Before the Federal Election Commission  
in Matter Under Review 4507 (hereinafter "Mahoney Aff.") Exhibit D  
at ¶ 2. Mr. Mahoney further attests that he:

did not consult with Arthur  
Finkelstein or anyone associated with  
the Boschwitz campaign. Moreover, I  
had no knowledge regarding Mr.  
Boschwitz's or the Boschwitz  
campaign's plans, projects, or needs.  
Furthermore, no information was  
provided to the NRSC by the Boschwitz  
campaign, or by campaign's agents,  
either with a view toward having an  
expenditure made or otherwise.  
Furthermore, the NRSC independent  
expenditures on behalf of the  
Boschwitz campaign were not made by  
or through any person who was, or had  
been, authorized to raise or expend  
funds, who was, or had been, an  
officer of the Boschwitz campaign, or  
who was, or had been, receiving any  
form of compensation or reimbursement  
from Mr. Boschwitz, his campaign or  
any Boschwitz agent.

Id. at ¶ 3.

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Finally, the NRSC understands that Mr. Finkelstein has also submitted an affidavit to the Commission affirming that he had nothing to do with the NRSC Independent Expenditures Unit and nothing to do with the NRSC independent expenditures on behalf of Mr. Boschwitz in particular.

LEGAL ANALYSIS

As defined by the Commission, the NRSC's expenditures in Minnesota were not made with the cooperation or in consultation with Rudy Boschwitz, or any authorized committee or agent of Rudy Boschwitz. Further, they were not made in concert with, or at the request or suggestion of, Rudy Boschwitz, or the People for Boschwitz Committee or any agent of Rudy Boschwitz, including and especially Arthur Finkelstein.

A. There Was No Coordination and There Is No Evidence of Coordination.

There are specific factual allegations made by the complainants: (1) the four ads were strikingly similar; (2) the NRSC press person described Paul Wellstone as "embarrassingly liberal;" and (3) Arthur Finkelstein was a consultant to both the NRSC and Rudy Boschwitz. However, in the context of this complaint, each of these propositions is meaningless.

First, as acknowledged in the complaint itself, the four ads identified as strikingly similar were all NRSC ads. They were not two Boschwitz ads and two NRSC independent expenditures. Indeed

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the complainant identified all four ads as NRSC ads -- NRSC "Crime;" NRSC Independent Expenditure "Crime Solution;" NRSC Independent Expenditure "Why;" and NRSC "Fight." On their face, therefore, none of these ads were People for Boschwitz ads and any allegation of coordination based on their similarity is simply inapt. Furthermore, each of the four ads was written by the same individual, Kieran Mahoney, who acted as a general consultant to the Independent Expenditures Unit. See Mahoney Aff. at ¶ 2. Moreover, Mr. Mahoney did not consult with Mr. Finkelstein with respect to the Minnesota race in any fashion. Id. at ¶ 3.

Second, the complaint also recognizes that the term "embarrassingly liberal" was a term which had long been in the public domain by the time it was used by an NRSC spokesperson, noting that Mr. Boschwitz had used this term in a September 16 debate. Repeating a phrase associated with both the Republican and Democratic campaigns in Minnesota is hardly evidence of "coordination" and there is no evidence that this similar term was used as a result of "coordination." Moreover, this term was never used in any NRSC ad, and the press person was prohibited from coordinating with the campaign as was every member of the Independent Expenditures Group and signed before a notary the Statement of the Independent Expenditures Group. See Strimple Aff., Attachment 1.

Third, although Arthur Finkelstein served as a consultant to the NRSC at the Ronald Reagan Center and to the Boschwitz campaign there is no rule prohibiting serving as a consultant for more than one entity. As discussed further below, the law prohibits only coordination through a common consultant. Here, there is no allegation of specific coordination through Mr. Finkelstein, and, indeed, there was no coordination through Mr. Finkelstein. Strimple Aff. at ¶ 9. Mahoney Aff. at ¶ 3. Furthermore, any inference that complainants attempt to draw based on Mr. Finkelstein being a consultant for both Boschwitz as well as the NRSC is simply undermined by the facts. Mr. Finkelstein was not a consultant to the NRSC Independent Expenditures Group which is the sole source of the advertisements at issue in this case.

B. The Commission Must Reject Out Of Hand Any Allegation of Imputed Knowledge as "Proof" Of Coordination.

Beyond these factual assertions, the complaint states that "The NRSC would have knowledge of the candidate's 'plans, projects, or needs,' since political parties exist primarily to elect their candidates." Complaint at 3. This accusation of "they must have known" is, of course, completely undermined by the Colorado Republican Federal Campaign Committee case because that case also involved a political party. Moreover, the Supreme Court specifically rejected this "presumption" of coordination by imputed knowledge, finding instead that political parties are capable of

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and can make independent expenditures despite the fact that they are political parties. Colorado at 2318. This argument, therefore, without advancing specific evidence of coordination with respect to the specific expenditures at issue, is simply an invitation to the Commission to engage in a fishing expedition without any tangible evidence of coordination.

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Furthermore, the alleged precedent presented by Complainants of past determinations of coordination by the Commission are all outdated. Specifically, the complaint states that "[t]he FEC, however, has consistently held that almost every expenditure by the party committees can be considered a coordinated contribution, not an independent expenditures." Complaint at 3. What this assertion fails to recognize is that contrary to past Commission precedent, the Supreme Court now has held that not every expenditure by a party committee is a coordinated expenditures. See Also, Federal Election Commission Campaign Guide For Political Party Committees (August, 1996) at 17 rejecting the complainant's argument. Rather, many expenditures, such as the expenditures in this case, are made independently of their candidates and party committees may make such expenditures.<sup>2</sup> Furthermore, with respect to the General

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<sup>2</sup> The two MURs cited in the Complaint (at 3) are easily distinguishable from this case. While in those cases there was actual evidence of coordination through the sharing of information between the candidates and the entities making the independent

(continued...)

Counsel's Draft Advisory Opinion 1996-30, we note that this draft was based on the requester's own factual representations of coordination, facts that simply do not exist in connection with the NRSC.<sup>2</sup> Moreover, that draft was rejected by the Commission and has no precedential value here.

C. The Independent Expenditures Unit Operated Independently From The Rest of the NRSC.

The complainant's speculations about how the NRSC operated or must have operated (Complaint at 4) have no evidentiary value with respect to the issue of whether the NRSC made independent expenditures in this matter. The sole issue is whether the NRSC met the definition of independent expenditures. Thus, the question is, was the expenditure

made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

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<sup>2</sup>(...continued)  
expenditures here there is no such evidence and there was no coordination.

<sup>3</sup> We also note that despite the DSCC's representations of coordination it nonetheless made allegedly independent expenditures in connection with the 1996 general election, and it did so apparently without taking any of the precautions taken by the NRSC.

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11 C.F.R. § 100.16. Based on all of the facts as presented above, the answer is yes. Specifically, the NRSC took several steps to ensure the actual independence of its expenditures:

- Every member of the Independent Expenditures Unit signed an affidavit prohibiting them from coordinating their activities with any candidate or candidate's agents
- No independent expenditures were based on information about any candidate's plans, projects, or needs with a view to having any expenditures made.
- No independent expenditures were made by or through any person authorized to raise or spend funds by any campaign, an officer of any campaign, or any person receiving reimbursements from any campaign.
- The Independent Expenditure Unit required all vendors to sign contracts prohibiting them from also acting as a vendor on behalf of any candidate on whose behalf they were contracted to assist the NRSC's Independent Expenditures Unit in making independent expenditures.
- All vendors signed affidavits of independence and contracts prohibiting coordination with any candidates on whose behalf they were contracted to assist the NRSC's Independent Expenditures Unit in making independent expenditures.
- The Independent Expenditures Unit was prohibited from having any contact with Arthur Finkelstein and had no contact with Mr. Finkelstein regarding any independent expenditures.
- No member of the Independent Expenditures Unit had any contact, either before or after their selection to the Independent Expenditures

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Unit, with any other employees of the NRSC regarding candidate's plans, projects, or needs.

In sum, no independent expenditures were made with the cooperation, or with the prior consent of, or in connection with, or at the request or suggestion of any candidate, candidate's agent, or authorized committee of any candidate.

D. There Was No Coordination Through Arthur Finkelstein.

While complainants hypothesize that Arthur Finkelstein "may have coordinated the advertising campaigns" of both the NRSC and the Boschwitz campaign (Complaint at 4), the plain fact is, that he did not do so. Moreover, none of the citations to Advisory Opinions or cases involving common vendors lend credence to the hypothesis.

For instance, Advisory Opinion 1982-20, 1 Fed. Election Camp. Fin. Guide (CCH) ¶ 5665 (1982) involved the simultaneous use of a media time buyer by an independent expenditures committee and a campaign committee supported by the independent expenditures committee. Here, however, there were no vendors, including and especially Arthur Finkelstein, who were simultaneously working for any candidate at the same time they were working with the NRSC to make independent expenditures on behalf of that same candidate. See Strimple Aff., Exhibit C.

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Complainants next cite Advisory opinion 1979-80, 1 Fed. Election Camp. Fin. Guide (CCH) ¶ 5469 (1980) for the proposition that "the use of a third party in preparing campaign materials for both a candidate and an independent expenditure organization may compromise the independent nature of the expenditure." Complaint at 4. Here, however, Kieran Mahoney, who had no contact whatsoever with the Boschwitz campaign, prepared the NRSC's advertisements relating to the United States Senate race in Minnesota. Mahoney Aff. at ¶ 2-3. Arthur Finkelstein had nothing to do with the NRSC's independent expenditures.

Finally, complainants cite to Federal Election Comm'n v. National Conservative Political Action Comm., 647 F. Supp. 987, 995 (S.D.N.Y. 1986), a case in which Mr. Finkelstein played "a central role" in the campaign's effort and in the independent expenditures as evidence of coordination. That case does not apply to this matter. In the NCPAC case Mr. Finkelstein was hired by NCPAC to develop a media strategy, conduct and analyze polls and select election issues on which Senator Moynihan was most vulnerable, and himself wrote the NCPAC scripts urging Moynihan's defeat while at the same time he was hired by Mr. Moynihan's opponent, Bruce Caputo, to assist in all aspects of his campaign including formulating election strategy, hiring campaign staff, and utilizing the media, including writing, in large part, the Caputo campaign

commercials. Id. at 988-989 and 992. In this case, the NRSC "prohibited Mr. Finkelstein from having any contact with the Independent Expenditures Unit or in any way being involved in the independent expenditures of the NRSC." Heubusch Aff. at ¶ 8. Thus, besides his name being associated with this matter, there are no similarities between the cases.

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Rather, to the extent this matter is similar to any prior precedent it is most similar to Democratic Senatorial Campaign Comm. v. FEC ("DSCC"), 745 F. Supp. 742 (D.D.C. 1990) in which the court upheld a Commission dismissal of another democratic complaint alleging coordination. In that case, the court started from the premise, conceded by both parties to the litigation, that "the use of 'common consultants' does not by itself trigger an investigation." Id. at 745. There, the Auto Dealers PAC was accused of having made coordinated expenditures on behalf of Connie Mack because it had hired two Mack consultants. However, while the Auto Dealers PAC admitted to having hired the Mack consultants it also stated that those consultants were hired only to do work outside of Florida and not in connection with the Mack independent expenditures. Instead, another consultant not related to the Mack campaign had been hired to make the Mack independent expenditures. Furthermore, the Auto Dealers screened all potential vendors "and warned the vendors to be sure that the PAC's expenditures were not

made in coordination or consultation with any candidate." Id. at 743. Moreover, the Auto Dealers attested that there had been no discussions between the Mack vendors and the Auto Dealers regarding the Mack race. After the fact affidavits were also submitted by the vendors. Based on these facts the Court said "[t]here was no evidence of meetings, discussions or communications (direct or indirect) between the Florida PAC and the consultants; nor was there any evidence that the nonFlorida PAC information and strategies could have helped the Mack campaign." Id. at 746. Furthermore, the court opined that "there was no reason to presume 'coordination' as the consultants were retained by the PAC to work on elections only outside the state of Florida." Id. at 745. Rather, the court recognized that there had been a "Chinese Wall" built between the PAC and the consultants. Id. at 746.

Here, if anything, the NRSC was far more proactive in prohibiting even the inference of coordination. Instead of obtaining after the fact affidavits from vendors, the NRSC required each vendor to sign a contract which prohibited it from coordination as well as an affidavit of independence even prior to beginning any work for the NRSC Independent Expenditures Unit. Thus, the NRSC took every potential precaution to ensure independence of its expenditures and, as in the DSCC case, there were no common vendors with respect to the same races. Therefore,

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just as the FEC dismissed the Auto Dealers enforcement case, it should dismiss this case.

E. The NRSC's Activity Is Protected By The First Amendment.

While there can be no dispute that the NRSC's independent expenditures in connection with the Boschwitz race were truly independent, it is also true that there are no circumstances under which the NRSC's expenditures could be limited. The Supreme Court has long held that political speech is afforded the highest constitutional protection. See, e.g., Buckley v. Valeo, 424 U.S. 1, 14 (1976); Eu v. San Francisco Democratic Cent. Comm., 489 U.S. 214, 223 (1989); McIntyre v. Ohio Elections Comm'n, 115 S. Ct. 1511, 1518-19 (1995). Thus, without a compelling governmental interest for curtailing party speech, of which there is none, the NRSC's speech must be free from government restriction and is protected by the First Amendment.

CONCLUSION

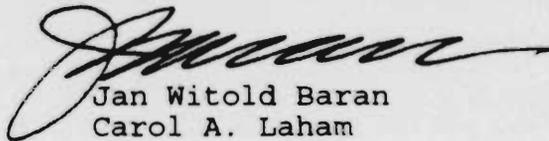
The NRSC's expenditures are legal, constitutional, and can be made in practice despite the fact that the NRSC is a party committee. Contrary to the mere speculation of the complainants, supported by no facts, we have demonstrated that the Complaint fails to provide any evidence that the NRSC violated the Act in connection with its independent expenditures in Minnesota. Moreover, we have affirmatively demonstrated through the facts that

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the NRSC created a structure designed to ensure the independence of any expenditures made through the Independent Expenditures Unit; that it obtained signed affidavits and contracts prohibiting coordination; that Mr. Finkelstein had nothing to do with the Independent Expenditures Unit and did not coordinate the Minnesota independent expenditures; and that, in fact, the NRSC's independent expenditures in Minnesota were just that, independent.

Accordingly, the Commission should find no reason to believe that the National Republican Senatorial Committee and Stan Huckaby, as Treasurer, have violated the Act.

Sincerely,



Jan Witold Baran  
Carol A. Laham

Counsel for the National Republican  
Senatorial Committee

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National Republican Senatorial Committee - IE  
"Crime Solution"  
TV :30

Anncr: We know the solution to our crime problem. It's keeping criminals in jail.

Amazingly, liberal Paul Wellstone voted to allow violent criminals out of jail before they served 85% of their sentences.

Wellstone even voted against mandatory sentences for criminals who use guns during drug crimes.

And he's voted repeatedly against the death penalty.

It's time to get tough on crime.

It's time for a change in the U.S. Senate.

Paul Wellstone. Always too liberal on issues that matter most.

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National Republican Senatorial Committee - IE  
"Why"  
TV 30

Anncr: Why are so many Northern Minnesotans mad at liberal Paul Wellstone?

Because Paul Wellstone still opposes the Boundary Waters bill.

Wellstone and his liberal allies even blocked a compromise bill to open three mechanized portages.

Commissioner Mike Forsman commented, " Wellstone chose politics instead of good policy..."

And Mayor Ed Steklasa said, "Wellstone shirked his responsibilities as a leader."

We agree.

Paul Wellstone. Always too liberal on the issues that matter most.

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National Republican Senatorial Committee - Ad  
"Fight"

Anncr:

There's a fight going on . . .

Between working Minnesotans and the liberals in Washington  
over the Boundary Waters.

Congressman Oberstar and Senator Grams fight for us.

Paul Wellstone sides with the liberals.

Oberstar and Grams have plans to give us a voice.

Wellstone refuses to listen.

Maybe that's why Democratic Commissioner Mike Forsman  
wrote Wellstone: "Now I know where northern Minnesota lies in  
your list of priorities."

Call liberal Paul Wellstone. Tell him to support the Oberstar and  
Grams plans.

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National Republican Senatorial Committee - Ad  
"Crime"

Anncr:

Paul Wellstone sides with the liberals.

He's so liberal he opposed mandatory sentences for criminals who sell drugs to our children.

Wellstone even voted twice to let violent crimes out of jail before they serve 85% of their sentences.

Crime victims carry their scars for life.

But Ultra-Liberal Paul Wellstone vote to let violent criminals out of jail before they serve their full sentence.

Call. Tell Paul Wellstone to stop siding with the liberals and to keep violent criminals in jail. . . where they belong.

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BEFORE THE FEDERAL ELECTION COMMISSION

City of Washington            )  
                                  )  
District of Columbia         )            MUR 4507

AFFIDAVIT OF JOHN HEUBUSCH

John Heubusch, first being duly sworn, deposes and says:

1. I am John Heubusch. I am the Executive Director of the National Republican Senatorial Committee (NRSC) and have been so since January, 1995. As Executive Director I am responsible for the operations of the NRSC.

2. As soon as the Supreme Court decision in Colorado Republican Federal Campaign Comm. v. FEC was issued, I decided to create an NRSC Independent Expenditures unit. My decision was based on the fact that that opinion stated:

We do not see how a Constitution that grants to individuals, candidates, and ordinary political committees the right to make unlimited independent expenditures could deny the same right to political parties.

Colorado Republican Federal Campaign Committee v. FEC, 116 S. Ct. 2309, 2317 (1996). Moreover, that opinion rejected the "presumption that all party expenditures are 'coordinated.'" Id. at 2318.

3. The Independent Expenditures Unit was formally established on August 1, 1996. In creating the Independent Expenditures Unit I set out certain ground rules applicable to all NRSC employees. Specifically, I ordered the newly created Independent Expenditures Unit to be housed at a

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location outside of the Ronald Reagan Center, the headquarters of the NRSC. I also forbade the Independent Expenditures Unit from having any contact with any remaining employees of the NRSC unless I so designated. Likewise, I forbade the remaining NRSC employees from having any contact with the Independent Expenditures Unit. In addition, I ordered the NRSC staff not to discuss the topic of independent expenditures with any candidate committee or the general public. The one exception to this prohibition was that the Communications Division was permitted to discuss the existence of the Independent Expenditures Unit in response to press inquiries.

4. I selected Greg Strimple to be the Director of the Independent Expenditures Unit because Mr. Strimple did not have any prior communication with any senate candidates, candidate committees or candidate's agents with respect to either coordinated or independent expenditures. Moreover, prior to his becoming Director of the Independent Expenditures Unit, Mr. Strimple did not talk with any candidates or candidates agents regarding any proposed independent expenditures.

5. As part of the creation of the Independent Expenditures Unit I called a mandatory attendance "all staff" meeting at which NRSC employees were briefed on the ground rules for the Independent Expenditures Unit and informed that any violation of the rules would result in their termination.

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6. In addition, a statement was prepared for each member of the Independent Expenditures Unit in which they would attest that they had not and would not coordinate with any candidate or candidate's agent.

7. Further, I caused NRSC vendor contracts to be created for those vendors who would be involved in independent expenditures. These contracts were to ensure that the vendors would be bound by the rules of noncoordination. Each Independent Expenditures Unit vendor was also required to sign an affidavit regarding noncoordination.

8. I also caused the contract between the NRSC and Arthur Finkelstein to be amended. This amendment prohibited Mr. Finkelstein from having any contact with the Independent Expenditures Unit or in any way being involved in the independent expenditures of the NRSC. See Attachment 1.

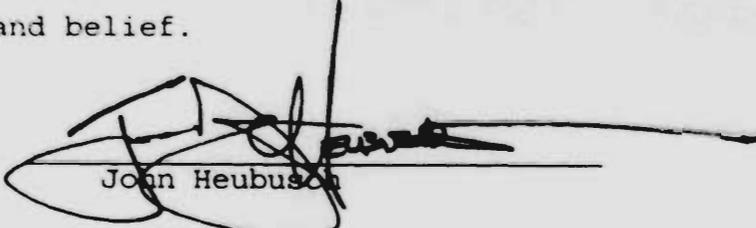
9. I also isolated myself from the Independent Expenditures Unit so that I was unaware of what states the NRSC would be making independent expenditures in and I saw no independent expenditures advertisements until after they were publicly aired.

10. Finally, with respect to Minnesota in particular, I would note that there was a September 10, 1996, primary and that the NRSC did not support any candidate in that primary as a matter of policy. Thus, there was no Republican Senate nominee from Minnesota prior to the

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creation of the Independent Expenditures Unit on August 1, 1996.

The above is true and correct to the best of my knowledge, information and belief.

  
John Heubusch

Signed and sworn to before me  
this 20<sup>th</sup> day of December, 1996

  
Notary Public

My Commission Expires: 1-31-98

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**THIS AGREEMENT** entered into this 1st day of January, 1995 by and between **ARTHUR J. FINKELSTEIN AND ASSOCIATES**, of 16 North Astor Street in Irvington, New York, 10533, hereinafter referred to as "A.J.F." and:

National Republican Senatorial Committee

**WITNESSETH**

**WHEREAS**, A.J.F. is a corporation duly organized and existing under the laws of the State of New York to, among other things, perform services and act as political consultants, and

**WHEREAS**, National Republican Senatorial Committee (hereinafter known as "N.R.S.C.") desires that advice be provided by A.J.F., who desires to provide said advice for U.S. Senate Races Nationally.

**NOW THEREFORE**, in consideration of the sum of One (1) Dollar and other good and valuable considerations as set forth herein, the parties hereto agree as follows:

1st. A.J.F. covenants and agrees to provide and N.R.S.C. agrees to pay for consulting services regarding election strategy, election techniques, scheduling advice, media advice, fundraising advice, and issues significant to the public.

2A. N.R.S.C. agrees to pay A.J.F., and A.J.F. agrees to accept as consideration for its consulting services, a fee of \$7,500.00 per month beginning January 1, 1995 and ending December 31, 1996.

2nd. It is expressly understood and agreed to by both parties that members of A.J.F. will meet with representatives of N.R.S.C. for at least two days per month from January 1, 1995 through December 31, 1996.

3rd. It is expressly understood and agreed by and between the parties that over and above the agreed upon consideration for consulting services, N.R.S.C. will pay all 1st class expenses incurred by members of A.J.F. which result directly from the provision of the aforementioned consulting services.

4th. A.J.F.'s regular monthly retainer and authorized expenses incurred in the performance of its obligations under this agreement shall be invoiced without mark-up and mailed to:

National Republican Senatorial Committee  
Attn: Accounting Division  
P.O. Box 75103  
Washington, DC 20013-5103

Invoices are normally paid within thirty (30) days of receipt

5th. This agreement shall be governed by the law of the State of New York.

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6th. In the case of controversy or non-payment of consulting fees or travel expenses, N.R.S.C. shall be responsible for payment of all legal fees incurred in the collection of aforementioned amounts.

In the case of unpaid consulting fees totaling 3 or more months, N.R.S.C. shall pay 1 1/2% per month interest on all outstanding balances.

7th. A.J.F. is an independent contractor to the N.R.S.C. A.J.F. agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be deemed owed by it, or to any employee or contractor of vendor as a result of performance of this agreement.

IN WITNESS THEREOF, the parties hereto have set their hands in duplicate original on the day and year as written above.

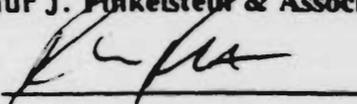
N.R.S.C.

BY: 

John D. Heibusch  
Executive Director

Date: 5-18-95

Arthur J. Finkelstein & Associates

BY: 

Date: 5/18/95

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## AGREEMENT TO AMEND CONTRACT

This Agreement, entered into on August 1, 1996, serves to amend the vendor contract of January 1, 1995, signed between the Parties regarding political consulting by Arthur J. Finkelstein and Associates (Vendor) for the National Republican Senatorial Committee (NRSC). The Parties hereby agree to amend that original contract as follows:

1. **Continuation of Work.** Vendor is authorized to continue its work under the terms of the original contract through December 31, 1996, provided that Vendor has, and will continue to abide by the terms and conditions of Vendor's original contract and this Agreement.

2. **Independent Expenditure Division.** The NRSC shall create an Independent Expenditure Division (I-Team).

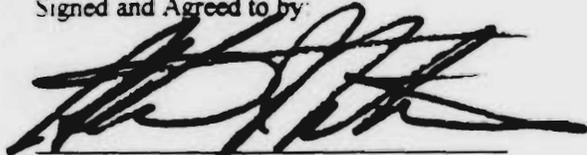
3. **Vendor's abstinence from contact with I-Team.** Vendor agrees that it will neither accept nor make any contracts with or otherwise cooperate, consult, or have any contact with said I-Team, or any authorized committee, agent, or vendor of such I-Team, and will not provide any services which are made in concert with, or at the request or suggestion of, the I-Team, or any authorized committee or agent of such I-Team. Vendor acknowledges that it has been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b). Vendor affirms that it has had no communication with the I-Team, or any authorized committee, agent, or vendor of the I-Team, and that it has provided no services to NRSC regarding NRSC 1996 independent expenditures.

4. **Vendor's Subvendors.** Vendor agrees that it will not utilize or employ the services of any subvendor for any work of a creative or substantive nature under this contract without first inquiring of such subvendor and receiving written assurance from such subvendor, which written assurance the subvendor shall provide to the NRSC, that the subvendor agrees to and can meet all conditions regarding the absence of coordination that are agreed to and met by the Vendor pursuant to this Agreement. In the event of any question or uncertainty regarding the capacity of a subvendor to adhere to this provision, Vendor shall notify NRSC legal counsel and obtain approval before utilizing or employing such subvendor.

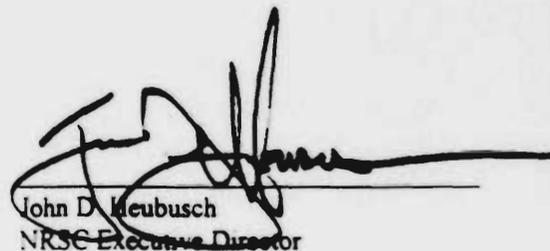
5. **Cooperation and Defense in Legal Proceedings.** Vendor and NRSC agree to fully cooperate with each other and make available all necessary personnel and documents during any investigation or legal proceeding in connection with this project. In the event of an investigation or legal proceeding in connection with this project, and provided Vendor fully complies with all the terms of this Agreement, particularly Paragraphs 3 and 4, the NRSC shall provide legal counsel to Vendor and hold Vendor harmless from and against any and all related expenses or claims, including charges, judgments, penalties, and fines paid or incurred by Vendor in connection with any legal proceedings brought against Vendor by a party other than the NRSC related to the services of Vendor under this Agreement. Should Vendor retain counsel other than that provided by the NRSC, Vendor shall do so solely at Vendor's expense.

6. **Affirmation.** By signing this Agreement, Vendor affirms that it has followed, and will continue to follow, all provisions of its original contract and this Agreement.

Signed and Agreed to by:



Arthur J. Finkelstein  
Vendor's Authorized Agent



John D. Heubusch  
NRSC Executive Director

RONALD REAGAN REPUBLICAN CENTER  
425 SECOND STREET NE • WASHINGTON DC 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

BEFORE THE FEDERAL ELECTION COMMISSION

City of Washington            )  
                                  )  
District of Columbia         )            MUR 4507

AFFIDAVIT OF GREGORY STRIMPLE

Gregory Strimple, first being duly sworn, deposes and says:

1. I am Gregory Strimple. I served as the Director of the Independent Expenditures Group created by the National Republican Senatorial Committee (NRSC) after the Supreme Court decided the Colorado Republican Federal Campaign Committee v. FEC case in June of 1996.

2. The Independent Expenditures Group, formally established on August 1, 1996, consisted of six other individuals who were employees of the NRSC. In addition, I hired a general consultant to the Independent Expenditures Group, Kieran Mahoney.

3. Prior to becoming the Director of the Independent Expenditures Team, I signed a notarized statement which set out the ground rules for the Independent Expenditures Group. See Attachment 1. In fact, each member of the Independent Expenditures Group was required to sign this statement before they could join the Group.

4. This statement read, in part, that all independent expenditures made by the NRSC would be made without the cooperation or consultation with any candidate, or any authorized

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committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

5. Furthermore, in order to become a member of the Independent Expenditures Group I, and the rest of the group, had to affirm the following:

we have not consulted with any candidate regarding any proposed coordinated expenditures or any proposed independent expenditures to be made by the NRSC. Furthermore, we will not consult with other NRSC employees who have specific knowledge of a candidate's needs or plans, or who consult with candidates on a regular basis. We will not make any arrangement or otherwise coordinate or take direction from any candidate or candidate's agent prior to the publication, distribution, display, or broadcast of the communication. Moreover, these communications will not be based on information about the candidate's plans, projects, or needs provided to the Independent Expenditures Group by the candidate, or by the candidate's agents, with a view toward having an expenditures made.

Attachment 1.

6. I and the entire Independent Expenditures Group abided by the restrictions set out in our signed and notarized statement.

7. The Independent Expenditures Group was intentionally isolated from the rest of the NRSC. This isolation went to the point of moving to office space separate and apart from the rest of the NRSC. Furthermore, other NRSC employees were prohibited from having any contact

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whatsoever with the Independent Expenditures Group unless specifically designated by the Executive Director. As a result, the only employees of the NRSC with whom the Independent Expenditures Group had contact were the Executive Director, the Legal Division, the Accounting Division for accounting purposes, and the Staff Secretary for the purposes of obtaining equipment.

8. I have read the complaint filed by the Minnesota Democratic-Farmer-Labor Party alleging that the NRSC's independent expenditures were not in fact independent. This is wrong. In fact, the independent expenditures were made without any form of cooperation, contact, or discussion with the Boschwitz campaign or its agents.

9. The complaint also alleges that there may have been some sort of coordination through Arthur Finkelstein. While Mr. Finkelstein was a consultant to the NRSC at the Ronald Reagan Center, he was prohibited from consulting with the Independent Expenditures Group, never mind coordinating any activity with us. Moreover, the independent expenditures made by the NRSC were made "without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate." 2

U.S.C. § 431(17).

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10. Furthermore, the Independent Expenditures Group had no contact with any employee of the Boschwitz for Senate Committee either before, during, or after the airing of the independent expenditures.

11. In addition, any consultants and vendors used by the Independent Expenditures Group were required to sign contracts in which they identified the states and candidates for whom they were otherwise employed to preclude them from engaging in any independent expenditures in relation to that state or candidate. In this way, the Independent Expenditures Group was assured that it was not using any common vendors with any candidates or candidate's agents. Moreover, each vendor was also required to sign an affidavit of independence.

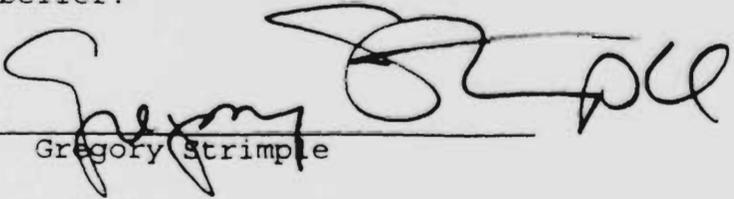
12. There were three vendors involved in the Minnesota Independent Expenditures. They were Kieran Mahoney and Associates, Gannon, McCarthy & Mason, and First Media Services Corporation d.b.a. Multi-Media Services Corporation. Each vendor signed a restrictive contract as well as an affidavit of independence. Attachment 2.

13. It is also worth noting that the factual predicate for the complaint, that various ads are strikingly similar and that one set of ads was being run by the Boschwitz campaign, and one set of ads was being run by the NRSC, is simply incorrect. The four ads cited in the complaint, NRSC "Crime," NRSC Independent Expenditure "Crime

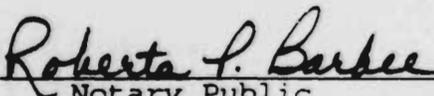
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Solution," NRSC Independent Expenditure "Why," and NRSC Independent Expenditure "Fight" were all NRSC ads. None were being aired by the Boschwitz campaign, and none were coordinated expenditures.

The above is true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Gregory Strimple

Signed and sworn to before me  
this 20<sup>th</sup> day of December, 1996

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 1-31-98

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## STATEMENT OF INDEPENDENT EXPENDITURES GROUP

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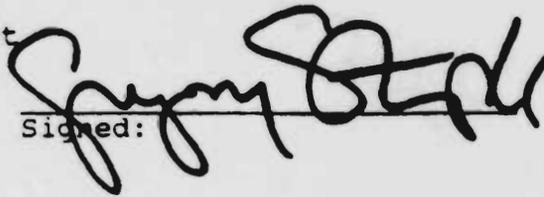
The Independent Expenditures Group is a select group of employees of the National Republican Senatorial Committee dedicated to the creation of an independent expenditures program for the NRSC. These expenditures will be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

As members of the Independent Expenditures Group, we have not consulted with any candidate regarding any proposed coordinated expenditures or any proposed independent expenditures to be made by NRSC. Furthermore, we will not consult with other NRSC employees who have specific knowledge of a candidate's needs or plans, or who consult with candidates on a regular basis. We will not make any arrangement or otherwise coordinate or take direction from any candidate or candidate's agent prior to the publication, distribution, display, or broadcast of the communication. Moreover, these communications will not be based on information about the candidate's plans, projects, or needs provided to the Independent Expenditures Group by the

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425 SECOND STREET N.E. • WASHINGTON D.C. 20002 • (202) 675-6000

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Signed: 

98043861900

District of Columbia

Subscribed and sworn to before me this 13 day of August 1998  
[Signature]  
 Notary Public

My Commission Expires November 28, 2000

# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

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Signed: \_\_\_\_\_

District of Columbia

ss:

Subscribed and sworn to before me this 5<sup>th</sup> day of

AUGUST, 1996

Janet [Signature]  
Notary Public

My Commission Expires November 28, 2000

93043861902

# National Republican Senatorial Committee

SENATOR ALPONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## STATEMENT OF INDEPENDENT EXPENDITURES GROUP

98043861203

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Signed: *[Signature]*

District of Columbia

at

Subscribed and sworn to before

me this 5<sup>th</sup> day of

August 1996

*[Signature]*  
Notary Public

My Commission Expires November 30, 2000

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HELBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

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*James M. Yarkin*  
Signed \_\_\_\_\_

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Division of Columbia

Subscribed and sworn to before me this 13<sup>TH</sup> day of AUGUST, 1996  
*James August Hoge*  
Notary Public

My Commission Expires November 26, 2000

# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

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Matthew A. Byrle  
Signed.

District of Columbia

Subscribed and sworn to before  
me this 5<sup>th</sup> day of

AUGUST 1996  
James A. [Signature]  
Notary Public

My Commission Expires November 30, 1998

93043361203

# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## STATEMENT OF INDEPENDENT EXPENDITURES GROUP

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*Robert S. Jorgensen*  
Signed: \_\_\_\_\_

District of Columbia

Subscribed and sworn to before  
me this 2<sup>nd</sup> day of  
AUGUST, 1990  
James J. [Signature]  
Notary Public

My Commission Expires November 20, 2000

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# National Republican Senatorial Committee

SENATOR ALFONSE M. DAMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## STATEMENT OF INDEPENDENT EXPENDITURES GROUP

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*So-Anne J. Prokopowicz*  
Signed:

Per my conversation with the attorneys of the NRSC, I am aware that I may not be involved in any work that the Independent Expenditure/Legislative Advocacy Group does in the Commonwealth of Virginia.

~~District of Columbia~~

Subscribed and sworn to before  
me this 26<sup>TH</sup> day of  
AUGUST, 1996  
*Jane Margaret Hays*  
Notary Public

My Commission Expires November 30, 2000

23043961912

# VENDOR CONTRACT

## PREFACE

This Agreement is entered into this **First day of August, 1996**, by and between the National Republican Senatorial Committee (hereinafter "NRSC"), an unincorporated political committee with its principal location at 425 Second Street NE, Washington, DC, 20002 and Kieran Mahoney & Associates, Inc. (hereinafter "Vendor") located at 110 East 42nd Street, #1310, New York, New York 10017 (collectively referred to as the "Parties"). This Agreement voids and supercedes the Agreement into which the Parties entered on January 1, 1995.

## WITNESSETH

**WHEREAS** Vendor is in the business of **political consulting**;

**WHEREAS** the NRSC is desirous of engaging Vendor for performance of above said services;

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants and Agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

**Article I Purpose and Duties.** Vendor covenants and agrees to provide to the NRSC, and the NRSC agrees to compensate Vendor for the following services: **general consulting on the independent expenditures and legislative advocacy of the independent expenditure team**, for the period of August 1, 1996, to November 30, 1996. Vendor hereby notifies the NRSC that Vendor has been a consultant to or an advisor to 1996 U.S. Senate candidate Gordon Smith in Oregon and thus may not participate in any expenditures which may be made by the NRSC in behalf of this candidate.

In performance of Vendor's duties, Vendor shall take all direction from Greg Strimple, Director Of The Independent Expenditure Team Of The NRSC, or any other such NRSC employee as he may designate. It is expressly understood and agreed that Vendor is an independent contractor.

**Article II Fees and Expenses.** For successful performance of the duties described in Article I, the NRSC agrees to pay Vendor:

**\$5,000 (five thousand dollars) per month.**

**Total payments under this Agreement are not to exceed \$22,000 (twenty-two thousand dollars).**

Vendor agrees to obtain prior approval from Greg Strimple for any and all travel-related and other incidental expenses incurred in performance of its obligations under this

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Agreement. First class travel in any form is not reimbursable. Reimbursable expenses must be accompanied by valid original receipts. Expenses that are neither pre-approved nor supported by valid receipts are subject to non-payment. Vendor's authorized expenses incurred in the performance of its obligations under this Agreement shall be invoiced without mark-up.

All invoices and requests for reimbursements shall be mailed to:

National Republican Senatorial Committee  
Attn: Accounting Division  
P.O. Box 75103  
Washington, DC 20013-5103.

**Article III Independent Contractor, Taxes, Hold Harmless.** Vendor is an independent contractor to the NRSC. Vendor agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be deemed owed by it, or to any employee or contractor of Vendor as a result of performance of this Agreement.

It is understood and agreed that the NRSC will be responsible for neither the payment nor the withholding of federal, state, and/or local taxes, payroll taxes, social security taxes, health insurance, unemployment insurance, workman's compensation benefits, and other similar personnel costs in connection with this Agreement.

Vendor shall indemnify and hold the NRSC, its employees, directors, officers, agents, and volunteers harmless against and from any and all claims, demands, liabilities, actions, damages, costs, and expenses related thereto (including attorney's fees, court costs, and other expenses of litigation) and all damages and liabilities of any kind or nature whatever, arising out of or attributable to the performance of this contract.

**ARTICLE IV Confidentiality.** All matters between the Parties, including but not limited to the provisions of this Agreement; NRSC mailing or donor lists; individual contribution histories; polling data; financial reports; research; solicitation materials or techniques; and any other materials or methodologies Vendor may come in contact with, are, were and shall remain the privileged and confidential property of the NRSC and shall not be transferred, communicated or delivered to any third party, whether or not for compensation, without the prior express written consent of the Executive Director.

**ARTICLE V Ownership of Materials.** The NRSC retains and reserves the rights of ownership and use of any copy, product, publication, or any facsimile thereof which may result from the Vendor's creativity. The Vendor and the NRSC agree that the work described in Article I will be considered a "work for hire" for the purpose of the United States Copyright law, 17 U.S.C. §101 *et seq.* and that, accordingly, the NRSC is the owner of all copyright rights in the work. The Vendor hereby assigns any and all property and ownership rights in the Vendor's work to the NRSC. The Vendor hereby warrants that it, its agents or representatives are the sole authors of work to be produced, developed and/or published, under this Agreement, that such work is an

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original work of the Vendor. The Vendor further warrants that the work to be produced or performed under this Agreement does not infringe upon any copyright, violate any right of privacy, or contain libelous material; and that the Vendor possesses full power to enter into this Agreement.

Vendor agrees that all NRSC donor lists by whatever name they may be known, and individual contribution histories were, are, and shall remain the exclusive property of the National Republican Senatorial Committee. Vendor agrees that it does not and shall not acquire any property or ownership interest in, or rights with respect to any donor list, for any reason. Vendor further agrees that neither it nor any of its directors, officers, employees, consultants, or agents will disclose, rent, lease, sell, encumber, or enter into joint ownership Agreements concerning any list(s), file(s), information, updates, or enhancement(s) of the National Republican Senatorial Committee in any form, or for any purpose, nor will they retain, duplicate, or use any of such information in any fashion or for any purpose whatsoever.

**ARTICLE VI Use of NRSC Name.** Vendor shall not use the name, insignia or any facsimile thereof of the NRSC or its property, without the express written authorization of the Executive Director.

**ARTICLE VII The NRSC.** The NRSC is an unincorporated association created by Republican members of the United States Senate. Vendor agrees that the members, officers, employees, and agents of the NRSC, as well as members of the Executive Committee, shall not be personally liable for any debt, liability, or obligation of the NRSC. Vendor, like all persons, corporations, or other entities extending credit to, contracting with, or having any claim against the NRSC may only look to the funds and property of the NRSC for payment of any debt, damages, judgment, decree, or any money that may otherwise become due or payable to them from the NRSC.

**ARTICLE VIII Termination.** This Agreement shall terminate on November 30, 1996. Notwithstanding the preceding sentence, either party may terminate this Agreement for any reason on 14 days written notice. In the event of termination, after payment of all compensation and reimbursement of all properly approved expenses incurred through the thirtieth day subsequent to receipt of such notice, no further liability or any liquidated damages for such termination shall attach to either party.

**ARTICLE IX Whole Agreement and Notices.** This Agreement memorializes the full terms and conditions of the Agreement between the undersigned Parties. All previous Agreements by and between the undersigned Parties, whether written or oral, are merged herein and superseded hereby. The terms set forth herein constitute the full and complete Agreement between the Parties, and any modification thereto must be agreed to by all Parties, set forth in writing, and signed by all Parties. This contract shall only be amended by addendum which is written and signed by both Parties.

All notices, requests, demands, and other communication hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or

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certified mail, return receipt requested, properly addressed and postage prepaid to the Parties addresses as written in the Preface of this Agreement.

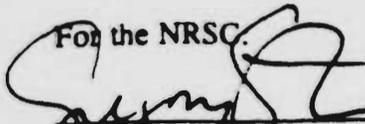
**ARTICLE X Obligating the NRSC.** Vendor understands and acknowledges that it may not obligate the NRSC to any Agreements, written or oral. Vendor further acknowledges that only duly authorized NRSC personnel may obligate the NRSC to any Agreements, written or oral.

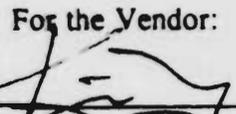
**ARTICLE XI Successor Organizations.** Vendor agrees that all provisions of this Agreement will be binding on, or inure to the benefit of, any of its successor organizations.

**ARTICLE XII Governing Law.** This Agreement is made in and shall be governed by the laws of the District of Columbia.

**IN WITNESS WHEREOF,** the Parties, acting individually or through their duly authorized officers or representatives, fully understand and execute this Agreement as of the date written above, in duplicate original, and agree to be bound by the terms and conditions thereof:

93043361016

For the NRSC:  
  
Date 8/28/96  
Greg Strimple,  
Division Director

For the Vendor:  
  
Date 8/29/96  
Authorized Agent

EIN or SSN 091-54-8472

# VENDOR CONTRACT

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**WHEREAS** Vendor is in the business of **political polling**;

**WHEREAS** the NRSC is desirous of engaging Vendor for performance of above said services;

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants and Agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

**Article I. Purpose and Duties.** Vendor covenants and agrees to provide to the NRSC, and the NRSC agrees to compensate Vendor for the following services: **polling for independent expenditures and legislative advocacy**, for the period of **August 1, 1996, to October 15, 1996**.

Vendor hereby notifies the NRSC that Vendor has been a consultant to or an advisor to only one U.S. Senate candidate in the 1996 cycle—**Gordon Smith in Oregon**—and thus may not participate in any independent expenditures which may be made by the NRSC in behalf of this candidate.

Vendor will participate only in expenditures which may be made by the NRSC in states where Vendor has not been a consultant or advisor. Vendor will participate in making expenditures in **Alabama, Arkansas, Maine, Minnesota, Montana, Nebraska, Rhode Island, South Dakota, and Wyoming**.

In performance of Vendor's duties, Vendor shall take all direction from **Greg Strimple**. It is expressly understood and agreed that Vendor is an independent contractor.

**Article II. Fees, Expenses, Taxes and Independent Contractor.** For successful performance of the duties described in Article I, the NRSC agrees to pay Vendor:

a sum certain per survey/poll to be approved by **Greg Strimple** before the performance of any such survey/poll, according to how many questions are in the survey/poll, how much

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time is spent on the survey/poll, where the survey/poll is to be performed, and how many people are to be surveyed/pollled.

Total payments under this Agreement are not to exceed \$1,000,000.00 (one million dollars).

Vendor agrees to obtain prior approval from Greg Strimple for any and all travel-related and other incidental expenses incurred in performance of its obligations under this Agreement. First class travel in any form is not reimbursable. Reimbursable expenses must be accompanied by valid original receipts. Expenses that are neither pre-approved nor supported by valid receipts are subject to non-payment. Vendor's authorized expenses incurred in the performance of its obligations under this Agreement shall be invoiced without mark-up.

All invoices and requests for reimbursements shall be mailed to:

National Republican Senatorial Committee  
Attn: Margee Dotter  
P.O. Box 77564  
Washington, DC 20013.

You will receive detailed invoice instructions from the Accounting Department. Before an invoice will be paid, it must be in the form approved by the Accounting Department.

Vendor is an independent contractor to the NRSC. Vendor agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be deemed owed by it, or to any employee or contractor of Vendor as a result of performance of this Agreement.

It is understood and agreed that the NRSC will be responsible for neither the payment nor the withholding of federal, state, and/or local taxes, payroll taxes, social security taxes, health insurance, unemployment insurance, workman's compensation benefits, and other similar personnel costs in connection with this Agreement.

**ARTICLE III Confidentiality.** All matters between the Parties, including but not limited to the provisions of this Agreement; NRSC mailing or donor lists; individual contribution histories; polling data; financial reports; research; solicitation materials or techniques; and any other materials or methodologies Vendor may come in contact with, are, were and shall remain the privileged and confidential property of the NRSC and shall not be transferred, communicated or delivered to any third party, whether or not for compensation, without the prior express written consent of the NRSC.

**ARTICLE IV Ownership of Materials.** The NRSC retains and reserves the rights of ownership and use of any copy, product, publication, or any facsimile thereof which may result from the Vendor's creativity. The Vendor and the NRSC agree that the work described in Article I will be considered a "work product" or "work for hire" for the purpose of the United States Copyright law, 17 U.S.C. §101 *et seq.* and that, accordingly, the NRSC is the owner of all copyright rights in the work. The Vendor hereby assigns any and all property and ownership rights in the Vendor's work to the NRSC. The Vendor hereby warrants that it, its agents or representatives are the sole

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authors of work to be produced, developed and/or published, under this Agreement, that such work is an original work of the Vendor. The Vendor further warrants that the work to be produced or performed under this Agreement does not infringe upon any copyright, violate any right of privacy, or contain libelous material; and that the Vendor possesses full power to enter into this Agreement.

Vendor agrees that all NRSC donor lists by whatever name they may be known, and individual contribution histories were, are, and shall remain the exclusive property of the National Republican Senatorial Committee. Vendor agrees that it does not and shall not acquire any property or ownership interest in, or rights with respect to any donor list, for any reason. Vendor further agrees that neither it nor any of its directors, officers, employees, consultants, or agents will disclose, rent, lease, sell, encumber, or enter into joint ownership Agreements concerning any list(s), file(s), information, updates, or enhancement(s) of the National Republican Senatorial Committee in any form, or for any purpose, nor will they retain, duplicate, or use any of such information in any fashion or for any purpose whatsoever.

**ARTICLE V Use of NRSC Name.** Vendor shall not use the name, insignia or any facsimile thereof of the NRSC or its property, without the express written authorization of the NRSC.

**ARTICLE VI The NRSC.** The NRSC is an unincorporated association created by Republican members of the United States Senate. Vendor agrees that the members, officers, employees, and agents of the NRSC, as well as members of the Executive Committee, shall not be personally liable for any debt, liability, or obligation of the NRSC. Vendor, like all persons, corporations, or other entities extending credit to, contracting with, or having any claim against the NRSC may only look to the funds and property of the NRSC for payment of any debt, damages, judgment, decree, or any money that may otherwise become due or payable to them from the NRSC.

**ARTICLE VII Termination.** This Agreement shall terminate on October 15, 1996. However, prior to that date either party may terminate this Agreement for any reason on 1 (one) day written notice, except that Vendor will nonetheless be bound by the terms of ARTICLE VIII through October 15, 1996. In the event of termination, after payment of all compensation and reimbursement of all properly approved expenses including all refunds and credits to the NRSC incurred through the time the notice of termination is received, no further liability (except as a result of breach of ARTICLE VIII or obligation under ARTICLE IX) or any liquidated damages for such termination shall attach to either party.

**ARTICLE VIII Absence of Coordination.**

**A. Vendor.** Vendor agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate in whose behalf NRSC is making independent expenditures and with respect to which Vendor is a consultant. Vendor acknowledges that it has been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. §

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109.1(b). Vendor affirms that it has had no communication with any 1996 U.S. Senate candidate, or any authorized committee or agent of candidate, on whose behalf it will be providing services to NRSC regarding NRSC 1996 independent expenditures, and agrees it will have no such communications prior to October 16, 1996. Vendor also agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, in a state in which the NRSC is making legislative advocacy expenditures.

**B. Vendor's Subvendors.** Vendor agrees that it will not utilize or employ the services of any subvendor for any work of a creative or substantive nature under this contract without first inquiring of such subvendor and receiving written assurance from such subvendor, which written assurance the subvendor shall provide to the NRSC, that the subvendor agrees to and can meet all conditions regarding the absence of coordination that are agreed to and met by the Vendor pursuant to Section A of this Article. In the event of any question or uncertainty regarding the capacity of a subvendor to adhere to this provision, Vendor shall notify NRSC legal counsel and obtain approval before utilizing or employing such subvendor.

**ARTICLE IX Cooperation and Defense in Legal Proceedings.** Vendor and NRSC agree to fully cooperate with each other and make available all necessary personnel and documents during any investigation or legal proceeding in connection with this project. In the event of an investigation or legal proceeding in connection with this project, and provided Vendor fully complies with all the terms of this Agreement, particularly ARTICLE VIII, the NRSC shall provide legal counsel to Vendor and hold Vendor harmless from and against any and all related expenses or claims, including charges, judgments, penalties, and fines paid or incurred by Vendor in connection with any legal proceedings brought against Vendor by a party other than the NRSC related to the services of Vendor under this Agreement. Should Vendor retain counsel other than that provided by the NRSC, Vendor shall do so solely at Vendor's expense.

**ARTICLE X Whole Agreement and Notice.** This Agreement memorializes the full terms and conditions of the Agreement between the undersigned Parties. All previous Agreements by and between the undersigned Parties, whether written or oral, are merged herein and superseded hereby. The terms set forth herein constitute the full and complete Agreement between the Parties, and any modification thereto must be agreed to by all Parties, set forth in writing, and signed by all Parties. This contract shall only be amended by addendum which is written and signed by both Parties.

All notices, requests, demands, and other communication hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, properly addressed and postage prepaid to the Parties addresses as written in the Preface of this Agreement.

**ARTICLE XI Obligating the NRSC.** Vendor understands and acknowledges that it may not obligate the NRSC to any Agreements, written or oral. Vendor further acknowledges that

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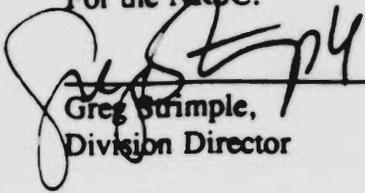
only duly authorized NRSC personnel may obligate the NRSC to any Agreements, written or oral.

**ARTICLE XII Successor Organizations.** Vendor agrees that all provisions of this Agreement will be binding on, or inure to the benefit of, any of its successor organizations.

**ARTICLE XIII Governing Law.** This Agreement is made in and shall be governed by the laws of the District of Columbia.

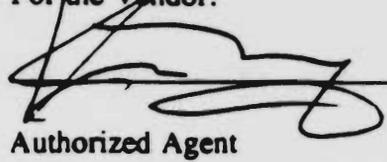
**IN WITNESS WHEREOF,** the Parties, acting individually or through their duly authorized officers or representatives, fully understand and execute this Agreement as of the date written above, in duplicate original, and agree to be bound by the terms and conditions thereof:

For the NRSC:

  
\_\_\_\_\_  
Greg Strimple,  
Division Director

8/28/96  
Date

For the Vendor:

  
\_\_\_\_\_  
Authorized Agent

8/28/96  
Date

EIN or SSN 098-54-8472

29043361991

# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## AGREEMENT TO AMEND CONTRACT

This Agreement serves to amend a vendor contract signed between the Parties on or around August 1, 1996 regarding the making of Independent Expenditures by the National Republican Senatorial Committee. The Parties hereby agree to amend that original contract as follows:

1. Vendor is authorized to continue its work under the terms of the original contract through November 4, 1996, provided that: Vendor has, and will continue to abide by the terms and conditions of the vendor's affidavit and original contract regarding the maintenance of independence for all work done for the NRSC. By signing this Agreement, Vendor affirms that it has followed, and will continue to follow, all provisions of its original contract and affidavit.
2. Vendor must fax to Margee Dotter, Assistant Treasurer of the NRSC, at 202-675-6073 all of the following:
  - on the day such media production is complete, a good faith estimate of all of Vendor's production costs for each new media project created during the term of this Agreement;
  - on the day the polling costs for each new project created during the term of this Agreement are fixed, the amount (cost) of the poll and in what state the poll is conducted;
  - on the day the agreement for the GOTV calling is made, a good faith estimate of all of Vendor's calling costs for each new project created during the term of this Agreement;
  - at least 24 hours before each buy begins, for each advertisement produced during the period of this Agreement, the amount (cost) of the buy, and in favor of or against whom it is.
3. By 5:00 p.m. on November 8, 1996, Vendor shall deliver to the office of Craig M. Engle, 425 Second Street, N.W. Washington, D.C. 20002, all original documents, and all copies thereof, in Vendor's possession which relate to vendor's work for the NRSC under its original contract and this Agreement. Such materials include, but are not limited to:
  - All Media Buy Invoices and all related paper;
  - All Production Invoices (Audio Session, edit sessions, dubbing requests, talent, etc.) and all related paper;
  - All Polling Invoices and all related paper;
  - All Get-Out-The-Vote Invoices and all related paper;
  - All Aired and Non-Aired Spots;
  - All Elements (Pictures, research, newspaper mast heads, articles, etc.);
  - All Scripts;
  - All Traffic Records (Instructions, confirmations, rotation changes, etc.);
  - All Media Schedules;
  - All Get-Out-The-Vote Phone Records, Materials, and Statistics; and
  - All Polling Materials, Results, and Statistics.

Failure to provide this information by the requested time may result in non- or delayed payment of outstanding invoices

Signed and Agreed to this 17 day of October, 1996.

  
Vendor

  
Greg Strimple, NRSC

RONALD REAGAN REPUBLICAN CENTER  
425 SECOND STREET N.E. • WASHINGTON D.C. 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Kieran V. Mahoney

\_\_\_\_\_, first being duly sworn, deposes

and says:

1. I am Kieran V. Mahoney I have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to Go. Ron Smith, R-Oregon, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

RONALD REAGAN REPUBLICAN CENTER  
425 SECOND STREET NE • WASHINGTON DC 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

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5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

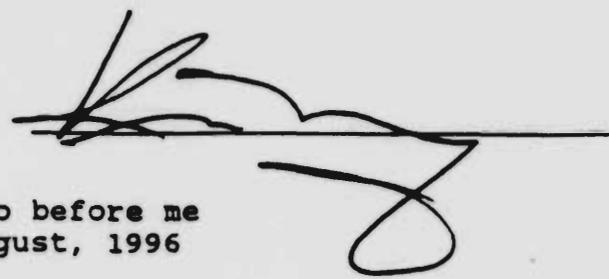
7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

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any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.



Signed and sworn to before me  
this 28<sup>th</sup> day of August, 1996

Viviane N. Leary  
Notary Public

My Commission Expires:

Viviane N. Leary  
Notary Public, District of Columbia  
My Commission Expires March 14, 1998

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# VENDOR CONTRACT

## PREFACE

This Agreement is entered into this **First day of August, 1996**, by and between the National Republican Senatorial Committee (hereinafter "NRSC"), an unincorporated political committee with its principal location at 425 Second Street NE, Washington, DC, 20002 and **Gannon, McCarthy & Mason** (hereinafter "Vendor") located at 1828 L Street, NW, Suite 402, Washington, D.C. 20002 (collectively referred to as the "Parties").

## WITNESSETH

**WHEREAS** Vendor is in the business of **media consulting**;

**WHEREAS** the NRSC is desirous of engaging Vendor for performance of above said services;

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants and Agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

**Article I. Purpose and Duties.** Vendor covenants and agrees to provide to the NRSC, and the NRSC agrees to compensate Vendor for the following services: **media consulting for production of independent expenditures and legislative advocacy**, for the period of August 1, 1996, to October 15, 1996.

Vendor hereby notifies the NRSC that Vendor has been a consultant to or an advisor to no U.S. Senate candidates in the 1996 cycle and thus may participate in any independent expenditures which may be made by the NRSC in behalf of such candidates.

Vendor will participate only in expenditures which may be made by the NRSC in states where Vendor has not been a consultant or advisor. Vendor will participate in making expenditures in Iowa, Maine, Minnesota, Montana, New Jersey, Rhode Island, and South Dakota.

In performance of Vendor's duties, Vendor shall take all direction from **Greg Strimple**. It is expressly understood and agreed that Vendor is an independent contractor.

**Article II. Fees, Expenses, Taxes and Independent Contractor.** For successful performance of the duties described in Article I, the NRSC agrees to pay Vendor: **4% (four percent) of the cost of the gross media buy.**

Total payments under this Agreement are not to exceed **\$500,000.00 (five hundred thousand dollars)**.

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Vendor agrees to obtain prior approval from **Greg Strimple** for any and all travel-related and other incidental expenses incurred in performance of its obligations under this Agreement. First class travel in any form is not reimbursable. Reimbursable expenses must be accompanied by valid original receipts. Expenses that are neither pre-approved nor supported by valid receipts are subject to non-payment. Vendor's authorized expenses incurred in the performance of its obligations under this Agreement shall be invoiced without mark-up.

All invoices and requests for reimbursements shall be mailed to:

National Republican Senatorial Committee  
 Attn: Margee Dotter  
 P.O. Box 77564  
 Washington, DC 20013.

You will receive detailed invoice instructions from the Accounting Department. Before an invoice will be paid, it must be in the form approved by the Accounting Department.

Vendor is an independent contractor to the NRSC. Vendor agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be deemed owed by it, or to any employee or contractor of Vendor as a result of performance of this Agreement.

It is understood and agreed that the NRSC will be responsible for neither the payment nor the withholding of federal, state, and/or local taxes, payroll taxes, social security taxes, health insurance, unemployment insurance, workman's compensation benefits, and other similar personnel costs in connection with this Agreement.

**ARTICLE III Confidentiality.** All matters between the Parties, including but not limited to the provisions of this Agreement; NRSC mailing or donor lists; individual contribution histories; polling data; financial reports; research; solicitation materials or techniques; and any other materials or methodologies Vendor may come in contact with, are, were and shall remain the privileged and confidential property of the NRSC and shall not be transferred, communicated or delivered to any third party, whether or not for compensation, without the prior express written consent of the NRSC.

**ARTICLE IV Ownership of Materials.** The NRSC retains and reserves the rights of ownership and use of any copy, product, publication, or any facsimile thereof which may result from the Vendor's creativity. The Vendor and the NRSC agree that the work described in Article I will be considered a "work product" or "work for hire" for the purpose of the United States Copyright law, 17 U.S.C. §101 *et seq.* and that, accordingly, the NRSC is the owner of all copyright rights in the work. The Vendor hereby assigns any and all property and ownership rights in the Vendor's work to the NRSC. The Vendor hereby warrants that it, its agents or representatives are the sole authors of work to be produced, developed and/or published, under this Agreement, that such work is an original work of the Vendor. The Vendor further warrants that the work to be produced or performed under this Agreement does not infringe upon any copyright, violate any right of privacy, or contain libelous material; and that the Vendor possesses full power to enter into this Agreement.

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Vendor agrees that all NRSC donor lists by whatever name they may be known, and individual contribution histories were, are, and shall remain the exclusive property of the National Republican Senatorial Committee. Vendor agrees that it does not and shall not acquire any property or ownership interest in, or rights with respect to any donor list, for any reason. Vendor further agrees that neither it nor any of its directors, officers, employees, consultants, or agents will disclose, rent, lease, sell, encumber, or enter into joint ownership Agreements concerning any list(s), file(s), information, updates, or enhancement(s) of the National Republican Senatorial Committee in any form, or for any purpose, nor will they retain, duplicate, or use any of such information in any fashion or for any purpose whatsoever.

**ARTICLE V Use of NRSC Name.** Vendor shall not use the name, insignia or any facsimile thereof of the NRSC or its property, without the express written authorization of the NRSC.

**ARTICLE VI The NRSC.** The NRSC is an unincorporated association created by Republican members of the United States Senate. Vendor agrees that the members, officers, employees, and agents of the NRSC, as well as members of the Executive Committee, shall not be personally liable for any debt, liability, or obligation of the NRSC. Vendor, like all persons, corporations, or other entities extending credit to, contracting with, or having any claim against the NRSC may only look to the funds and property of the NRSC for payment of any debt, damages, judgment, decree, or any money that may otherwise become due or payable to them from the NRSC.

**ARTICLE VII Termination.** This Agreement shall terminate on **October 15, 1996**. However, prior to that date either party may terminate this Agreement for any reason on **1 (one)** day written notice, except that Vendor will nonetheless be bound by the terms of **ARTICLE VIII** through October 15, 1996. In the event of termination, after payment of all compensation and reimbursement of all properly approved expenses including all refunds and credits to the NRSC incurred through the time the notice of termination is received, no further liability (except as a result of breach of **ARTICLE VIII** or obligation under **ARTICLE IX**) or any liquidated damages for such termination shall attach to either party.

**ARTICLE VIII Absence of Coordination.**

**A. Vendor.** Vendor agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate in whose behalf NRSC is making independent expenditures and with respect to which Vendor is a consultant. Vendor acknowledges that it has been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b). Vendor affirms that it has had no communication with any 1996 U.S. Senate candidate, or any authorized committee or agent of candidate, on whose behalf it will be providing services to NRSC regarding NRSC 1996 independent expenditures, and agrees it will have no such communications prior to October 16, 1996. Vendor also agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996

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U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, in a state in which the NRSC is making legislative advocacy expenditures.

**B. Vendor's Subvendors.** Vendor agrees that it will not utilize or employ the services of any subvendor for any work of a creative or substantive nature under this contract without first inquiring of such subvendor and receiving written assurance from such subvendor, which written assurance the subvendor shall provide to the NRSC, that the subvendor agrees to and can meet all conditions regarding the absence of coordination that are agreed to and met by the Vendor pursuant to Section A of this Article. In the event of any question or uncertainty regarding the capacity of a subvendor to adhere to this provision, Vendor shall notify NRSC legal counsel and obtain approval before utilizing or employing such subvendor.

**ARTICLE IX Cooperation and Defense in Legal Proceedings.** Vendor and NRSC agree to fully cooperate with each other and make available all necessary personnel and documents during any investigation or legal proceeding in connection with this project. In the event of an investigation or legal proceeding in connection with this project, and provided Vendor fully complies with all the terms of this Agreement, particularly ARTICLE VIII, the NRSC shall provide legal counsel to Vendor and hold Vendor harmless from and against any and all related expenses or claims, including charges, judgments, penalties, and fines paid or incurred by Vendor in connection with any legal proceedings brought against Vendor by a party other than the NRSC related to the services of Vendor under this Agreement. Should Vendor retain counsel other than that provided by the NRSC, Vendor shall do so solely at Vendor's expense.

**ARTICLE X Whole Agreement and Notice.** This Agreement memorializes the full terms and conditions of the Agreement between the undersigned Parties. All previous Agreements by and between the undersigned Parties, whether written or oral, are merged herein and superseded hereby. The terms set forth herein constitute the full and complete Agreement between the Parties, and any modification thereto must be agreed to by all Parties, set forth in writing, and signed by all Parties. This contract shall only be amended by addendum which is written and signed by both Parties.

All notices, requests, demands, and other communication hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, properly addressed and postage prepaid to the Parties addresses as written in the Preface of this Agreement.

**ARTICLE XI Obligorating the NRSC.** Vendor understands and acknowledges that it may not obligate the NRSC to any Agreements, written or oral. Vendor further acknowledges that only duly authorized NRSC personnel may obligate the NRSC to any Agreements, written or oral.

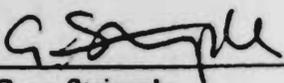
**ARTICLE XII Successor Organizations.** Vendor agrees that all provisions of this Agreement will be binding on, or inure to the benefit of, any of its successor organizations.

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**ARTICLE XIII Governing Law.** This Agreement is made in and shall be governed by the laws of the District of Columbia.

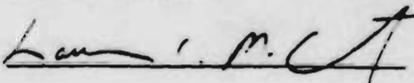
**IN WITNESS WHEREOF,** the Parties, acting individually or through their duly authorized officers or representatives, fully understand and execute this Agreement as of the date written above, in duplicate original, and agree to be bound by the terms and conditions thereof:

For the NRSC:

  
Greg Strimple,  
Division Director

10/24/96  
Date

For the Vendor:

  
Authorized Agent

10/24/96  
Date

EIN or SSN \_\_\_\_\_

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEBBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## AGREEMENT TO AMEND CONTRACT

This Agreement serves to amend a vendor contract signed between the Parties on or around August 1, 1996 regarding the making of Independent Expenditures by the National Republican Senatorial Committee. The Parties hereby agree to amend that original contract as follows:

1. Vendor is authorized to continue its work under the terms of the original contract through November 4, 1996, provided that Vendor has, and will continue to abide by the terms and conditions of the vendor's affidavit and original contract regarding the maintenance of independence for all work done for the NRSC. By signing this Agreement, Vendor affirms that it has followed, and will continue to follow, all provisions of its original contract and affidavit.

2. Vendor must fax to Margee Detter, Assistant Treasurer of the NRSC, at 202-675-6073 all of the following:

- on the day such media production is complete, a good faith estimate of all of Vendor's production costs for each new media project created during the term of this Agreement,
- on the day the polling costs for each new project created during the term of this Agreement are fixed, the amount (cost) of the poll and in what state the poll is conducted,
- on the day the agreement for the GOTV calling is made, a good faith estimate of all of Vendor's calling costs for each new project created during the term of this Agreement,
- at least 24 hours before each buy begins, for each advertisement produced during the period of this Agreement, the amount (cost) of the buy, and in favor of or against whom it is.

3. By 5:00 p.m. on November 8, 1996, Vendor shall deliver to the office of Craig M. Engle, 425 Second Street, N.W. Washington, D.C. 20002, all original documents, and all copies thereof, in Vendor's possession which relate to vendor's work for the NRSC under its original contract and this Agreement. Such materials include, but are not limited to:

- All Media Buy Invoices and all related paper,
- All Production Invoices (Audio Session, edit sessions, dubbing requests, talent, etc.) and all related paper,
- All Polling Invoices and all related paper,
- All Get-Out-The-Vote Invoices and all related paper,
- All Aired and Non-Aired Spots,
- All Elements (Pictures, research, newspaper mast heads, articles, etc.),
- All Scripts,
- All Traffic Records (Instructions, confirmations, rotation changes, etc.),
- All Media Schedules,
- All Get-Out-The-Vote Phone Records, Materials, and Statistics, and
- All Polling Materials, Results, and Statistics.

Failure to provide this information by the requested time may result in non- or delayed payment of outstanding invoices.

Signed and Agreed to this 17 day of October, 1996

Vendor

Greg Strimple, NRSC

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF LAWRENCE C. MCCARTHY

\_\_\_\_\_, first being duly sworn, deposes  
and says:

1. I am LAWRENCE C. MCCARTHY I have been asked  
by the National Republican Senatorial Committee (NRSC), to  
act as a consultant for the purposes of assisting the NRSC in  
making Independent Expenditures.

2. I understand that I may not assist the NRSC in  
this endeavor with respect to specific candidates if I am a  
consultant to that candidate. I hereby notify the NRSC that  
I have been a consultant to or an advisor to  
N/A (NONE), and thus may not participate in any  
independent expenditures which may be made by the NRSC on  
that candidate's behalf.

3. I understand that I may not consult with any  
candidate or candidate's agent in developing the NRSC's  
independent expenditure communications.

4. I understand that I may not consult with any  
employees of the NRSC who are regularly involved in  
consultations with the candidates or the candidates'  
campaigns.

RONALD REAGAN REPUBLICAN CENTER  
425 SECOND STREET N.E. • WASHINGTON D.C. 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

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5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

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any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.

*Lawrence M. C. [Signature]*

Signed and sworn to before me  
this *20th* day of ~~August~~, 1996  
*September*

*Jan C. Harding*  
Notary Public

My Commission Expires:

MY COMMISSION EXPIRES MARCH 14, 1998

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# VENDOR CONTRACT

## PREFACE

This Agreement is entered into this **First day of August, 1996**, by and between the **National Republican Senatorial Committee** (hereinafter "NRSC"), an unincorporated political committee with its principal location at 425 Second Street NE, Washington, DC, 20002 and **First Media Services Corporation d.b.a. Multi-Media Services Corporation** (hereinafter "Vendor") located at 915 King Street, Second Floor, Alexandria, Virginia 22314 (collectively referred to as the "Parties").

## WITNESSETH

**WHEREAS** Vendor is in the business of **media buying**;

**WHEREAS** the NRSC is desirous of engaging Vendor for performance of above said services;

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants and Agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

**Article I. Purpose and Duties.** Vendor covenants and agrees to provide to the NRSC, and the NRSC agrees to compensate Vendor for the following services: **media buying for independent expenditures and legislative advocacy**, for the period of **August 1, 1996, to October 15, 1996**.

Vendor hereby notifies the NRSC that Vendor has been a consultant to or an advisor to 1996 U.S. Senate incumbent candidate Senator Larry Pressler in South Dakota and thus may not participate in any independent expenditures which may be made by the NRSC in behalf of said candidate.

Vendor will participate only in expenditures which may be made by the NRSC in states where Vendor has not been a consultant or advisor. Vendor will participate in making expenditures in Alabama, Arkansas, Colorado, Iowa, Kansas, Maine, Michigan, Minnesota, Montana, New Hampshire, New Jersey, South Carolina, and Wyoming.

In performance of Vendor's duties, Vendor shall take all direction from **Greg Strimple**. It is expressly understood and agreed that Vendor is an independent contractor.

**Article II. Fees, Expenses, Taxes and Independent Contractor.** For successful performance of the duties described in Article I, the NRSC agrees to pay Vendor:

**3% (three percent) of the cost of the gross media buy.**

Total payments under this Agreement are not to exceed **\$500,000.00 (five hundred thousand dollars)**.

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Vendor agrees to obtain prior approval from Greg Strimple for any and all travel-related and other incidental expenses incurred in performance of its obligations under this Agreement. First class travel in any form is not reimbursable. Reimbursable expenses must be accompanied by valid original receipts. Expenses that are neither pre-approved nor supported by valid receipts are subject to non-payment. Vendor's authorized expenses incurred in the performance of its obligations under this Agreement shall be invoiced without mark-up.

All invoices and requests for reimbursements shall be mailed to:

National Republican Senatorial Committee  
Attn: Margee Dotter  
P.O. Box 77564  
Washington, DC 20013.

You will receive detailed invoice instructions from the Accounting Department. Before an invoice will be paid, it must be in the form approved by the Accounting Department.

Vendor is an independent contractor to the NRSC. Vendor agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be deemed owed by it, or to any employee or contractor of Vendor as a result of performance of this Agreement.

It is understood and agreed that the NRSC will be responsible for neither the payment nor the withholding of federal, state, and/or local taxes, payroll taxes, social security taxes, health insurance, unemployment insurance, workman's compensation benefits, and other similar personnel costs in connection with this Agreement.

**ARTICLE III Confidentiality.** All matters between the Parties, including but not limited to the provisions of this Agreement; NRSC mailing or donor lists; individual contribution histories; polling data; financial reports; research; solicitation materials or techniques; and any other materials or methodologies Vendor may come in contact with, are, were and shall remain the privileged and confidential property of the NRSC and shall not be transferred, communicated or delivered to any third party, whether or not for compensation, without the prior express written consent of the NRSC.

**ARTICLE IV Ownership of Materials.** The NRSC retains and reserves the rights of ownership and use of any copy, product, publication, or any facsimile thereof which may result from the Vendor's creativity. The Vendor and the NRSC agree that the work described in Article I will be considered a "work product" or "work for hire" for the purpose of the United States Copyright law, 17 U.S.C. §101 *et seq.* and that, accordingly, the NRSC is the owner of all copyright rights in the work. The Vendor hereby assigns any and all property and ownership rights in the Vendor's work to the NRSC. The Vendor hereby warrants that it, its agents or representatives are the sole authors of work to be produced, developed and/or published, under this Agreement, that such work is an original work of the Vendor. The Vendor further warrants that the work to be produced or performed under this Agreement does not infringe upon any copyright, violate any right of

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privacy, or contain libelous material; and that the Vendor possesses full power to enter into this Agreement.

Vendor agrees that all NRSC donor lists by whatever name they may be known, and individual contribution histories were, are, and shall remain the exclusive property of the National Republican Senatorial Committee. Vendor agrees that it does not and shall not acquire any property or ownership interest in, or rights with respect to any donor list, for any reason. Vendor further agrees that neither it nor any of its directors, officers, employees, consultants, or agents will disclose, rent, lease, sell, encumber, or enter into joint ownership Agreements concerning any list(s), file(s), information, updates, or enhancement(s) of the National Republican Senatorial Committee in any form, or for any purpose, nor will they retain, duplicate, or use any of such information in any fashion or for any purpose whatsoever.

**ARTICLE V Use of NRSC Name.** Vendor shall not use the name, insignia or any facsimile thereof of the NRSC or its property, without the express written authorization of the NRSC.

**ARTICLE VI The NRSC.** The NRSC is an unincorporated association created by Republican members of the United States Senate. Vendor agrees that the members, officers, employees, and agents of the NRSC, as well as members of the Executive Committee, shall not be personally liable for any debt, liability, or obligation of the NRSC. Vendor, like all persons, corporations, or other entities extending credit to, contracting with, or having any claim against the NRSC may only look to the funds and property of the NRSC for payment of any debt, damages, judgment, decree, or any money that may otherwise become due or payable to them from the NRSC.

**ARTICLE VII Termination.** This Agreement shall terminate on **October 15, 1996**. However, prior to that date either party may terminate this Agreement for any reason on **1 (one)** day written notice, except that Vendor will nonetheless be bound by the terms of **ARTICLE VIII** through **October 15, 1996**. In the event of termination, after payment of all compensation and reimbursement of all properly approved expenses including all refunds and credits to the NRSC incurred through the time the notice of termination is received, no further liability (except as a result of breach of **ARTICLE VIII** or obligation under **ARTICLE IX**) or any liquidated damages for such termination shall attach to either party.

**ARTICLE VIII Absence of Coordination.**

**A. Vendor.** Vendor agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate in whose behalf NRSC is making independent expenditures and with respect to which Vendor is a consultant. Vendor acknowledges that it has been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b). Vendor affirms that it has had no communication with any 1996 U.S. Senate candidate, or any authorized committee or agent of candidate, on whose behalf it will be providing services to NRSC regarding NRSC 1996 independent expenditures, and agrees it

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will have no such communications prior to October 16, 1996. Vendor also agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, in a state in which the NRSC is making legislative advocacy expenditures.

**B. Vendor's Subvendors.** Vendor agrees that it will not utilize or employ the services of any subvendor for any work of a creative or substantive nature under this contract without first inquiring of such subvendor and receiving written assurance from such subvendor, which written assurance the subvendor shall provide to the NRSC, that the subvendor agrees to and can meet all conditions regarding the absence of coordination that are agreed to and met by the Vendor pursuant to Section A of this Article. In the event of any question or uncertainty regarding the capacity of a subvendor to adhere to this provision, Vendor shall notify NRSC legal counsel and obtain approval before utilizing or employing such subvendor.

**ARTICLE IX Cooperation and Defense in Legal Proceedings.** Vendor and NRSC agree to fully cooperate with each other and make available all necessary personnel and documents during any investigation or legal proceeding in connection with this project. In the event of an investigation or legal proceeding in connection with this project, and provided Vendor fully complies with all the terms of this Agreement, particularly ARTICLE VIII, the NRSC shall provide legal counsel to Vendor and hold Vendor harmless from and against any and all related expenses or claims, including charges, judgments, penalties, and fines paid or incurred by Vendor in connection with any legal proceedings brought against Vendor by a party other than the NRSC related to the services of Vendor under this Agreement. Should Vendor retain counsel other than that provided by the NRSC, Vendor shall do so solely at Vendor's expense.

**ARTICLE X Whole Agreement and Notice.** This Agreement memorializes the full terms and conditions of the Agreement between the undersigned Parties. All previous Agreements by and between the undersigned Parties, whether written or oral, are merged herein and superseded hereby. The terms set forth herein constitute the full and complete Agreement between the Parties, and any modification thereto must be agreed to by all Parties, set forth in writing, and signed by all Parties. This contract shall only be amended by addendum which is written and signed by both Parties.

All notices, requests, demands, and other communication hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, properly addressed and postage prepaid to the Parties addresses as written in the Preface of this Agreement.

**ARTICLE XI Obligorating the NRSC.** Vendor understands and acknowledges that it may not obligate the NRSC to any Agreements, written or oral. Vendor further acknowledges that only duly authorized NRSC personnel may obligate the NRSC to any Agreements, written or oral.

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**ARTICLE XII Successor Organizations.** Vendor agrees that all provisions of this Agreement will be binding on, or inure to the benefit of, any of its successor organizations.

**ARTICLE XIII Governing Law.** This Agreement is made in and shall be governed by the laws of the District of Columbia.

**IN WITNESS WHEREOF,** the Parties, acting individually or through their duly authorized officers or representatives, fully understand and execute this Agreement as of the date written above, in duplicate original, and agree to be bound by the terms and conditions thereof:

For the NRSC:

*Greg Strimple*  
Greg Strimple  
Division Director

7/4/96  
Date

For the Vendor:

*Freight Study* 9/3/96  
Authorized Agent Date

EIN or SSN \_\_\_\_\_

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# VENDOR CONTRACT

## PREFACE

This Agreement is entered into this **First day of August, 1996**, by and between the **National Republican Senatorial Committee** (hereinafter "NRSC"), an unincorporated political committee with its principal location at 425 Second Street NE, Washington, DC, 20002 and **First Media Services Corporation d.b.a. Multi-Media Services Corporation** (hereinafter "Vendor") located at 915 King Street, Second Floor, Alexandria, Virginia 22314 (collectively referred to as the "Parties").

## WITNESSETH

**WHEREAS** Vendor is in the business of **media buying**;

**WHEREAS** the NRSC is desirous of engaging Vendor for performance of above said services;

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants and Agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

**Article I. Purpose and Duties.** Vendor covenants and agrees to provide to the NRSC, and the NRSC agrees to compensate Vendor for the following services: **media buying for independent expenditures and legislative advocacy**, for the period of **August 1, 1996, to October 15, 1996**.

Vendor hereby notifies the NRSC that Vendor has been a consultant to or an advisor to 1996 U.S. Senate incumbent candidate Senator Larry Pressler in South Dakota and thus may not participate in any independent expenditures which may be made by the NRSC in behalf of said candidate.

Vendor will participate only in expenditures which may be made by the NRSC in states where Vendor has not been a consultant or advisor. Vendor will participate in making expenditures in Alabama, Arkansas, Colorado, Iowa, Kansas, Maine, Michigan, Minnesota, Montana, New Hampshire, New Jersey, South Carolina, and Wyoming.

In performance of Vendor's duties, Vendor shall take all direction from Greg Strimple. It is expressly understood and agreed that Vendor is an independent contractor.

**Article II. Fees, Expenses, Taxes and Independent Contractor.** For successful performance of the duties described in Article I, the NRSC agrees to pay Vendor:

**3% (three percent) of the cost of the gross media buy.**

Total payments under this Agreement are not to exceed \$500,000.00 (five hundred thousand dollars).

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Vendor agrees to obtain prior approval from Greg Strimple for any and all travel-related and other incidental expenses incurred in performance of its obligations under this Agreement. First class travel in any form is not reimbursable. Reimbursable expenses must be accompanied by valid original receipts. Expenses that are neither pre-approved nor supported by valid receipts are subject to non-payment. Vendor's authorized expenses incurred in the performance of its obligations under this Agreement shall be invoiced without mark-up.

All invoices and requests for reimbursements shall be mailed to:

National Republican Senatorial Committee  
Attn: Margee Dotter  
P.O. Box 77564  
Washington, DC 20013.

You will receive detailed invoice instructions from the Accounting Department. Before an invoice will be paid, it must be in the form approved by the Accounting Department.

Vendor is an independent contractor to the NRSC. Vendor agrees to assume exclusive liability for any and all taxes, assessments, levies or fines which may be deemed owed by it, or to any employee or contractor of Vendor as a result of performance of this Agreement.

It is understood and agreed that the NRSC will be responsible for neither the payment nor the withholding of federal, state, and/or local taxes, payroll taxes, social security taxes, health insurance, unemployment insurance, workman's compensation benefits, and other similar personnel costs in connection with this Agreement.

**ARTICLE III Confidentiality.** All matters between the Parties, including but not limited to the provisions of this Agreement; NRSC mailing or donor lists; individual contribution histories; polling data; financial reports; research; solicitation materials or techniques; and any other materials or methodologies Vendor may come in contact with, are, were and shall remain the privileged and confidential property of the NRSC and shall not be transferred, communicated or delivered to any third party, whether or not for compensation, without the prior express written consent of the NRSC.

**ARTICLE IV Ownership of Materials.** The NRSC retains and reserves the rights of ownership and use of any copy, product, publication, or any facsimile thereof which may result from the Vendor's creativity. The Vendor and the NRSC agree that the work described in Article I will be considered a "work product" or "work for hire" for the purpose of the United States Copyright law, 17 U.S.C. §101 *et seq.* and that, accordingly, the NRSC is the owner of all copyright rights in the work. The Vendor hereby assigns any and all property and ownership rights in the Vendor's work to the NRSC. The Vendor hereby warrants that it, its agents or representatives are the sole authors of work to be produced, developed and/or published, under this Agreement, that such work is an original work of the Vendor. The Vendor further warrants that the work to be produced or performed under this Agreement does not infringe upon any copyright, violate any right of

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privacy, or contain libelous material; and that the Vendor possesses full power to enter into this Agreement.

Vendor agrees that all NRSC donor lists by whatever name they may be known, and individual contribution histories were, are, and shall remain the exclusive property of the National Republican Senatorial Committee. Vendor agrees that it does not and shall not acquire any property or ownership interest in, or rights with respect to any donor list, for any reason. Vendor further agrees that neither it nor any of its directors, officers, employees, consultants, or agents will disclose, rent, lease, sell, encumber, or enter into joint ownership Agreements concerning any list(s), file(s), information, updates, or enhancement(s) of the National Republican Senatorial Committee in any form, or for any purpose, nor will they retain, duplicate, or use any of such information in any fashion or for any purpose whatsoever.

**ARTICLE V Use of NRSC Name.** Vendor shall not use the name, insignia or any facsimile thereof of the NRSC or its property, without the express written authorization of the NRSC.

**ARTICLE VI The NRSC.** The NRSC is an unincorporated association created by Republican members of the United States Senate. Vendor agrees that the members, officers, employees, and agents of the NRSC, as well as members of the Executive Committee, shall not be personally liable for any debt, liability, or obligation of the NRSC. Vendor, like all persons, corporations, or other entities extending credit to, contracting with, or having any claim against the NRSC may only look to the funds and property of the NRSC for payment of any debt, damages, judgment, decree, or any money that may otherwise become due or payable to them from the NRSC.

**ARTICLE VII Termination.** This Agreement shall terminate on October 15, 1996. However, prior to that date either party may terminate this Agreement for any reason on 1 (one) day written notice, except that Vendor will nonetheless be bound by the terms of ARTICLE VIII through October 15, 1996. In the event of termination, after payment of all compensation and reimbursement of all properly approved expenses including all refunds and credits to the NRSC incurred through the time the notice of termination is received, no further liability (except as a result of breach of ARTICLE VIII or obligation under ARTICLE IX) or any liquidated damages for such termination shall attach to either party.

**ARTICLE VIII Absence of Coordination.**

**A. Vendor.** Vendor agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate in whose behalf NRSC is making independent expenditures and with respect to which Vendor is a consultant. Vendor acknowledges that it has been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b). Vendor affirms that it has had no communication with any 1996 U.S. Senate candidate, or any authorized committee or agent of candidate, on whose behalf it will be providing services to NRSC regarding NRSC 1996 independent expenditures, and agrees it

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will have no such communications prior to October 16, 1996. Vendor also agrees that it will neither accept nor make any contracts with or otherwise cooperate or consult with any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, and will not provide any services [including services related to coordinated party expenditures under 2 U.S.C. §441a(d)] which are made in concert with, or at the request or suggestion of, any 1996 U.S. Senate candidate, or any authorized committee or agent of such candidate, in a state in which the NRSC is making legislative advocacy expenditures.

**B. Vendor's Subvendors.** Vendor agrees that it will not utilize or employ the services of any subvendor for any work of a creative or substantive nature under this contract without first inquiring of such subvendor and receiving written assurance from such subvendor, which written assurance the subvendor shall provide to the NRSC, that the subvendor agrees to and can meet all conditions regarding the absence of coordination that are agreed to and met by the Vendor pursuant to Section A of this Article. In the event of any question or uncertainty regarding the capacity of a subvendor to adhere to this provision, Vendor shall notify NRSC legal counsel and obtain approval before utilizing or employing such subvendor.

**ARTICLE IX Cooperation and Defense in Legal Proceedings.** Vendor and NRSC agree to fully cooperate with each other and make available all necessary personnel and documents during any investigation or legal proceeding in connection with this project. In the event of an investigation or legal proceeding in connection with this project, and provided Vendor fully complies with all the terms of this Agreement, particularly ARTICLE VIII, the NRSC shall provide legal counsel to Vendor and hold Vendor harmless from and against any and all related expenses or claims, including charges, judgments, penalties, and fines paid or incurred by Vendor in connection with any legal proceedings brought against Vendor by a party other than the NRSC related to the services of Vendor under this Agreement. Should Vendor retain counsel other than that provided by the NRSC, Vendor shall do so solely at Vendor's expense.

**ARTICLE X Whole Agreement and Notice.** This Agreement memorializes the full terms and conditions of the Agreement between the undersigned Parties. All previous Agreements by and between the undersigned Parties, whether written or oral, are merged herein and superseded hereby. The terms set forth herein constitute the full and complete Agreement between the Parties, and any modification thereto must be agreed to by all Parties, set forth in writing, and signed by all Parties. This contract shall only be amended by addendum which is written and signed by both Parties.

All notices, requests, demands, and other communication hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by registered or certified mail, return receipt requested, properly addressed and postage prepaid to the Parties addresses as written in the Preface of this Agreement.

**ARTICLE XI Obligorating the NRSC.** Vendor understands and acknowledges that it may not obligate the NRSC to any Agreements, written or oral. Vendor further acknowledges that only duly authorized NRSC personnel may obligate the NRSC to any Agreements, written or oral.

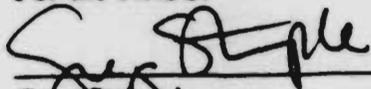
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**ARTICLE XII Successor Organizations.** Vendor agrees that all provisions of this Agreement will be binding on, or inure to the benefit of, any of its successor organizations.

**ARTICLE XIII Governing Law.** This Agreement is made in and shall be governed by the laws of the District of Columbia.

**IN WITNESS WHEREOF,** the Parties, acting individually or through their duly authorized officers or representatives, fully understand and execute this Agreement as of the date written above, in duplicate original, and agree to be bound by the terms and conditions thereof:

For the NRSC:

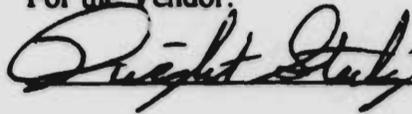


Greg Strimple  
Division Director

7/4/96

Date

For the Vendor:



Authorized Agent

9/3/96

Date

EIN or SSN \_\_\_\_\_

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

## AGREEMENT TO AMEND CONTRACT

This Agreement serves to amend a vendor contract signed between the Parties on or around August 1, 1996 regarding the making of Independent Expenditures by the National Republican Senatorial Committee. The Parties hereby agree to amend that original contract as follows:

1. Vendor is authorized to continue its work under the terms of the original contract through November 4, 1996, provided that: Vendor has, and will continue to abide by the terms and conditions of the vendor's affidavit and original contract regarding the maintenance of independence for all work done for the NRSC. By signing this Agreement, Vendor affirms that it has followed, and will continue to follow, all provisions of its original contract and affidavit.
2. Vendor must fax to Margee Dotter, Assistant Treasurer of the NRSC, at 202-675-6073 all of the following:
  - on the day such media production is complete, a good faith estimate of all of Vendor's production costs for each new media project created during the term of this Agreement,
  - on the day the polling costs for each new project created during the term of this Agreement are fixed, the amount (cost) of the poll and in what state the poll is conducted,
  - on the day the agreement for the GOTV calling is made, a good faith estimate of all of Vendor's calling costs for each new project created during the term of this Agreement,
  - at least 24 hours before each buy begins, for each advertisement produced during the period of this Agreement, the amount (cost) of the buy, and in favor of or against whom it is.
3. By 5:00 p.m. on ~~November 8~~<sup>DECEMBER 12</sup>, 1996, Vendor shall deliver to the office of Craig M. Engle, 425 Second Street, N.W. Washington, D.C. 20002, all original documents, and all copies thereof, in Vendor's possession which relate to vendor's work for the NRSC under its original contract and this Agreement. Such materials include, but are not limited to:
  - All Media Buy Invoices and all related paper;
  - All Production Invoices (Audio Session, edit sessions, dubbing requests, talent, etc.) and all related paper;
  - All Polling Invoices and all related paper;
  - All Get-Out-The-Vote Invoices and all related paper;
  - All Aired and Non-Aired Spots;
  - All Elements (Pictures, research, newspaper mast heads, articles, etc.);
  - All Scripts;
  - All Traffic Records (Instructions, confirmations, rotation changes, etc.);
  - All Media Schedules;
  - All Get-Out-The-Vote Phone Records, Materials, and Statistics, and
  - All Polling Materials, Results, and Statistics.

Failure to provide this information by the requested time may result in non- or delayed payment of outstanding invoices.

Signed and Agreed to this \_\_\_\_\_ day of October, 1996.

Vendor

  
Greg Stample, NRSC

RONALD REAGAN REPUBLICAN CENTER  
425 SECOND STREET NE • WASHINGTON DC 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Dwight Sterling, President, Mutli Media Services Corporation, first being duly sworn, deposes

and says:

1. I am Dwight Sterling, President Multi Media Services Corp. I have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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98043361946

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

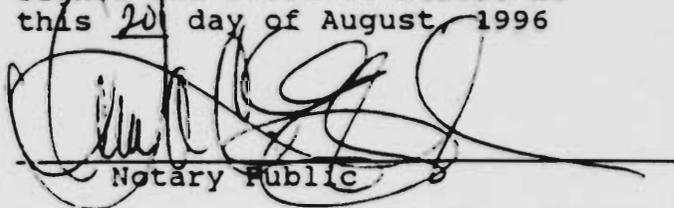
93043861247

any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.



Signed and sworn to before me  
this 20 day of August, 1996

  
Notary Public

My Commission Expires: 7-31-99

93043861943

**Attachment for Independent Expenditure Affidavit of  
Multi Media Services Corporation**

Multi Media Services Corporation is actively consulting and/or advising for Senate candidates in two states, South Dakota and Louisiana, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

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**MULTI MEDIA SERVICES CORPORATION**

915 KING STREET, 2ND FLOOR • ALEXANDRIA, VIRGINIA 22314 • (703) 739-2160

# National Republican Senatorial Committee

SENATOR ALPONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Kara Kurtz, Media Buyer, Multi Media Services Corporation, first being duly sworn, deposes

and says:

1. I am Kara Kurtz, Media Buyer Multi Media Services Corp. have been asked

by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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93043361250

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

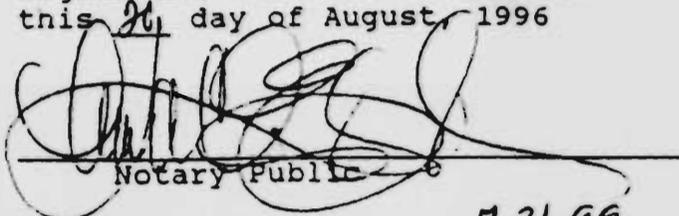
93043361951

any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.

Kara N. Kurtz

Signed and sworn to before me  
this 26 day of August, 1996

  
Notary Public

My Commission Expires: 7-31-99

The signer assumes no personal liability for her work, as  
an employee of Multi Media Services Corp., for the NRSC.

Kara N. Kurtz

93043861952

**Attachment for Independent Expenditure Affidavit of  
Multi Media Services Corporation**

Multi Media Services Corporation is actively consulting and/or advising for Senate candidates in two states, South Dakota and Louisiana, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

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**MULTI MEDIA SERVICES CORPORATION**

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF ALYSSA SEWARD, MEDIA BUYER, MULTI MEDIA SERVICES CORPORATION, first being duly sworn, deposes

and says:

1. I am ALYSSA SEWARD, MEDIA BUYER MULTI MEDIA SERVICES CORP. have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to SEE ATTACHED, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

93043861054

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

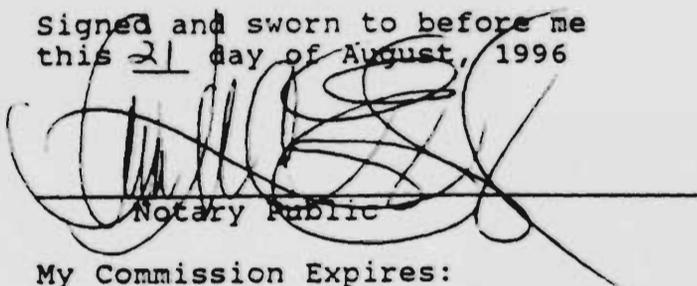
93043861955

any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.

AB. Seward

Signed and sworn to before me  
this 21 day of August, 1996

  
Notary Public

My Commission Expires:

The signer assumes no personal liability for his work, as  
an employee of Multi Media Services Corp., for the NRSC.

AB Seward 8/21/96

93043861956

**Attachment for Independent Expenditure Affidavit of  
Multi Media Services Corporation**

Multi Media Services Corporation is actively consulting and/or advising for Senate candidates in two states, South Dakota and Louisiana, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

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**MULTI MEDIA SERVICES CORPORATION**

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF James Wargo, Media Buyer, Multi Media Services Corporation, first being duly sworn, deposes

and says:

1. I am James Wargo, Media Buyer Multi Media Services Corp have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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93043861958

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

93043861959

any candidate regarding any proposed independent expenditures by NRSC.

The above is true and correct to the best of my knowledge.

*[Handwritten signature: Dan G. Zaway]*

Signed and sworn to before me this 20 day of August, 1996

*[Handwritten signature]*  
\_\_\_\_\_  
Notary Public

My Commission Expires: 9-31-97

The signer assumes no personal liability for his work, as an employee of Multi Media Services Corp., for the NRSC.

*[Handwritten signature: Dan G. Zaway]*

8/21/96

93043361950

**Attachment for Independent Expenditure Affidavit of  
Multi Media Services Corporation**

Multi Media Services Corporation is actively consulting and/or advising for Senate candidates in two states, South Dakota and Louisiana, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

9 3 0 4 3 8 6 1 9 6 1



**MULTI MEDIA SERVICES CORPORATION**

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# National Republican Senatorial Committee

SENATOR ALPONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Christopher Vandal, Media Buyer, Multi Media Services Corporation, first being duly sworn, deposes

and says:

1. I am Christopher Vandal, Media Buyer Multi Media Services Corp. I have been asked

9 3 0 4 3 8 6 1 2 6 2  
by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

93043861963

any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.

C. W. Vandal

Signed and sworn to before me  
this 20 day of August, 1996

[Signature]  
Notary Public

My Commission Expires: 7-31-99

The signer assumes no personal liability for his work, as an  
employee of Multi Media Services Corp., for the NRSC.

C. W. Vandal

98043861964

**Attachment for Independent Expenditure Affidavit of  
Multi Media Services Corporation**

Multi Media Services Corporation is actively consulting and/or advising for Senate candidates in two states, South Dakota and Louisiana, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

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**MULTI MEDIA SERVICES CORPORATION**

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# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Dwight Sterling, President, Multi Media Services Corporation, first being duly sworn, deposes and says:

1. I am Dwight Sterling, President. I have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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98043361966

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

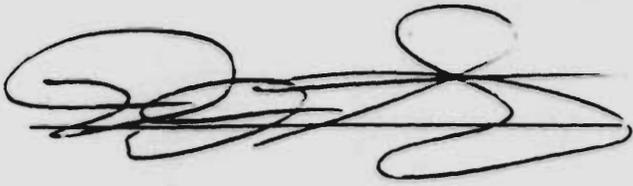
7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

93043861957

any candidate regarding any proposed independent expenditures by NRSC.

The above is true and correct to the best of my knowledge.



Signed and sworn to before me this 25<sup>th</sup> day of August, 1996

  
Notary Public

My Commission Expires: 7-31-99

93043861963

The signer assumes no personal liability for his/her work, as an employee of Multi Media Services Corporation, for the National Republican Senatorial Committee.



# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF James Wargo, Media Buyer, Multi Media Services Corporation, first being duly sworn, deposes and says:

1. I am James Wargo, Buyer. I have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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93043961989

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

9304386197C

any candidate regarding any proposed independent expenditures by NRSC.

The above is true and correct to the best of my knowledge.

*Don G. Wang*  
10/29/96

Signed and sworn to before me this ~~21~~ day of ~~August~~ October, 1996

*[Signature]*  
Notary Public

My Commission Expires: 7-31-99

93043861271

The signer assumes no personal liability for his/her work, as an employee of Multi Media Services Corporation, for the National Republican Senatorial Committee.

*Don G. Wang*  
10/29/96

# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Christopher Vandal, Media Buyer, Multi Media Services Corporation, first being duly sworn, deposes and says:

1. I am Christopher Vandal, Buyer. I have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

RONALD REAGAN REPUBLICAN CENTER  
425 SECOND STREET NE • WASHINGTON DC 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

98043861972

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

93043361973

any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.

C. W. Vindel

Signed and sworn to before me  
this ~~31~~ day of ~~August~~, 1996  
~~October~~

[Signature]  
Notary Public

My Commission Expires: 7-31-99

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The signer assumes no personal liability for his/her work,  
as an employee of Multi Media Services Corporation, for the  
National Republican Senatorial Committee.

x C. W. Vindel

# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Kara Kurtz, Media Buyer, Multi Media Services Corporation, first being duly sworn, deposes and says:

1. I am Kara Kurtz, Buyer. I have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

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425 SECOND STREET NE • WASHINGTON DC 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

93043361975

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

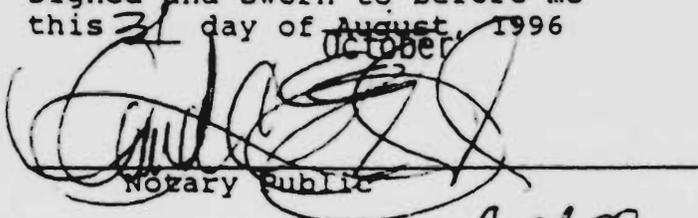
93043861976

any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.

Kara Kurtz

Signed and sworn to before me  
this 31 day of ~~August~~ October, 1996

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 11/31/99

93043861977

The signer assumes no personal liability for his/her work,  
as an employee of Multi Media Services Corporation, for the  
National Republican Senatorial Committee.

Kara Kurtz

# National Republican Senatorial Committee

SENATOR ALFONSE M. D'AMATO  
CHAIRMAN

JOHN D. HEUBUSCH  
EXECUTIVE DIRECTOR

CRAIG M. ENGLE  
GENERAL COUNSEL

City of Washington )  
District of Columbia ) Independent Expenditure Affidavit

AFFIDAVIT OF Alyssa Seward, Media Buyer, Multi Media Services Corporation, first being duly sworn, deposes and says:

1. I am Alyssa Seward, Buyer. I have been asked by the National Republican Senatorial Committee (NRSC), to act as a consultant for the purposes of assisting the NRSC in making Independent Expenditures.

2. I understand that I may not assist the NRSC in this endeavor with respect to specific candidates if I am a consultant to that candidate. I hereby notify the NRSC that I have been a consultant to or an advisor to See Attached, and thus may not participate in any independent expenditures which may be made by the NRSC on that candidate's behalf.

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

RONALD REAGAN REPUBLICAN CENTER  
425 SECOND STREET NE • WASHINGTON DC 20002 • (202) 675-6000

PAID FOR AND AUTHORIZED BY THE NATIONAL REPUBLICAN SENATORIAL COMMITTEE

988043861978

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

6. Furthermore, I have been provided with the Federal Election Commission regulations governing independent expenditures, specifically, 11 C.F.R. § 100.16, 11 C.F.R. § 109.1(a), and 11 C.F.R. § 109.1(b).

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates' or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects, or needs. In addition, I have not consulted with

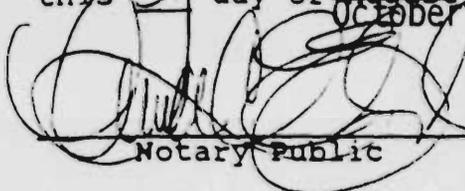
93043861979

any candidate regarding any proposed independent expenditures  
by NRSC.

The above is true and correct to the best of my  
knowledge.

AB Seward

Signed and sworn to before me  
this 31 day of ~~August~~ October, 1996

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 1/31/99

98043861930

The signer assumes no personal liability for his/her work,  
as an employee of Multi Media Services Corporation, for the  
National Republican Senatorial Committee.

AB Seward

BEFORE THE FEDERAL ELECTION COMMISSION

City of Washington )  
District of Columbia )

MUR 4507

AFFIDAVIT OF KIERAN MAHONEY

Kieran Mahoney, first being duly sworn, deposes and says:

1. I am Kieran Mahoney. I served as a general consultant and pollster to the Independent Expenditures Group created by the National Republican Senatorial Committee (NRSC) in the aftermath of the Colorado Republican Federal Campaign Committee v. FEC decided by the Supreme Court in June of 1996.

2. I have read the complaint filed by the Minnesota Democratic-Farm-Labor Party against the National Republican Senatorial Committee. The complaint addresses four "strikingly similar" ads: NRSC "Crime," NRSC Independent Expenditure "Crime Solution," NRSC Independent Expenditure "Why," and NRSC Independent Expenditure "Fight." I personally wrote each of these ads, each of which were aired by the NRSC qua NRSC. None of these ads were aired by the NRSC on behalf of the Boschwitz campaign, i.e. -- as a coordinated expenditure. Thus any inference of coordination with the Boschwitz campaign based on the text of these ads is simply incorrect.

JAN 2 10 00 AM '97

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

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212-681-1381

3. In writing these ads I did not consult with Arthur Finkelstein or anyone associated with the Boschwitz campaign. Moreover, I had no knowledge regarding Mr. Boschwitz's or the Boschwitz campaign's plans, projects, or needs. Furthermore, no information was provided to the NRSC by the Boschwitz campaign, or by campaign's agents, either with a view toward having an expenditure made or otherwise. Furthermore, the NRSC independent expenditures on behalf of the Boschwitz campaign were not made by or through any person who was, or had been, authorized to raise or expend funds, who was, or had been, an officer of the Boschwitz campaign, or who was, or had been, receiving any form of compensation or reimbursement from the Mr. Boschwitz, his campaign or any Boschwitz agent.

4. Furthermore, when I agreed to act as a consultant to the NRSC for the purpose of making Independent Expenditures I signed an affidavit restricting my interaction with other individuals. Specifically, my affidavit stated in part that:

3. I understand that I may not consult with any candidate or candidate's agent in developing the NRSC's independent expenditure communications.

4. I understand that I may not consult with any employees of the NRSC who are regularly involved in consultations with the candidates or the candidates' campaigns.

5. I understand that I may not consult with any candidate's vendors to produce any NRSC independent expenditures

93043361292

with respect to that particular race. Vendors include, among others, pollsters, media buyers, advertising firms, and other political consultants.

7. Consistent with the above restrictions, any services performed pursuant to my contract with NRSC shall be made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and will not be made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate for whom I am not already recused. Moreover, I have not and will not accept any contracts with or otherwise "coordinate" with candidates or candidates' agents on whose behalf NRSC is making independent expenditures and for whom I am not already recused.

8. Finally, I hereby certify that I have not received from any candidate (or candidate's agent) on whose behalf NRSC plans to make independent expenditures with my participation any information about the candidate's plans, projects or needs. In addition, I have not consulted with any candidate regarding any proposed independent expenditures by NRSC.

9. I strictly complied with the terms of the my contract and this affidavit.

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The above is true and correct to the best of my knowledge, information and belief.

  
Kieran Mahoney

Signed and sworn to before me  
this 20 day of December, 1996

 John Haggerty, Jr.  
Notary Public

My Commission Expires: 7/6/98

Notary Public  
State of New York  
Qualified in Queens County  
OHA 4998735

98043861984

PATTON BOGGS, L.L.P.  
2550 M STREET, N.W.  
WASHINGTON, D.C. 20037-1350  
(202) 457-6000  
FACSIMILE (202) 457-6315

WRITER'S DIRECT DIAL

(202) 457-6405

December 17, 1996

DEC 17 3 30 PM '96

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

Colleen T. Sealander, Esquire  
Office of the General Counsel  
Federal Election Commission  
Washington, D.C. 20463

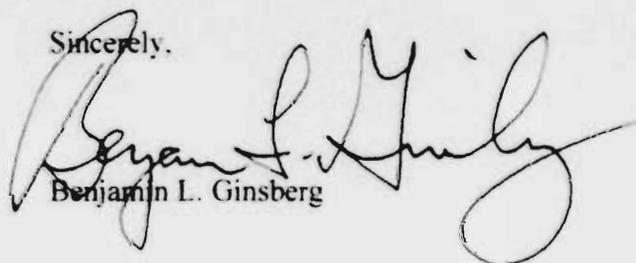
Re: RE: MUR 4507 -- People for Boschwitz

Dear Ms. Sealander:

Enclosed please find for filing the response of People for Boschwitz in this matter. I regret that various travels by the affiants prevented an earlier filing.

Thank you for your cooperation and consideration.

Sincerely,



Benjamin L. Ginsberg

930431005

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF )  
 )  
People for Boschwitz ) MUR 4507  
 )  
 )

DEC 17 3 38 PM '96  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL

RESPONSE

The Democratic Farmer Labor Party of Minnesota filed this complaint just three weeks before the November 6, 1996 general election in an effort to generate the maximum negative media coverage against the Republican Senate candidate. As this response demonstrates, the facts show that the complaint is without merit. The Commission should find no reason to believe Respondents violated the Federal Election Campaign Act ("Act") or the Commission's Regulations.

**Facts:** People for Boschwitz ("PFB") was the principal campaign committee for Rudy Boschwitz in his 1996 campaign for the United States Senate from Minnesota against incumbent Senator Paul Wellstone. As part of that campaign, PFB ran television advertising that it believed would be most helpful to Mr. Boschwitz.

At about the same time as this PFB advertising, the complaint states that the National Republican Senatorial Committee's ("NRSC") independent expenditures unit began broadcasting a series of advertisements in Minnesota. The complaint alleges that the NRSC's independent expenditures unit's ads were not independent.

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The complaint's attempt to show a link between PFB's ads and the independent expenditures is factually incorrect and, to be charitable, stretched. The complaint is based on the comparison of language in four ads. Complaint at 1-2. However, none of the four advertisements cited in the complaint were PFB ads. In addition, the producers of PFB ads -- Greg Stevens and Company -- had no involvement with any of the NRSC independent expenditures unit ads in Minnesota. Affidavit of Rick Reed, ("Reed Aff.") ¶ 5, attached as Exhibit 1.

The complaint's only citation of PFB's ads is for their use of the term "embarrassingly liberal." (Scripts of the ads are attached as Exhibit 2.) On this slim bit of "evidence," the complaint tries to create an improper nexus by citing Mr. Boschwitz's own use of the term during a Chamber of Commerce debate. Apparently, the drafters of the complaint see a violation of 11 C.F.R. ¶ 109.1 if a candidate uses a line from his own commercials in a speech. The Commission has heretofore not found this a violation of 11 C.F.R. § 109.1.

The complaint further seeks to manufacture a violation by citing use of the same term one time in a newspaper interview by "an NRSC press secretary working for the independent expenditures section." Complaint at 2. It is difficult to see how the one-time use of this term in response to a reporter's question is germane, especially when, as PFB campaign manager Jon Lerner says, "it is demonstrably true." Affidavit of Jon Lerner ("Lerner Aff.") ¶ 10 (attached as Exhibit 3). Furthermore, the term "embarrassing liberal" was used frequently by both candidates in the campaign, and an NRSC press secretary repeating that phrase hardly constitutes sufficient coordination to trigger a violation. See 11 C.F.R. § 109.1(d)(1).

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**Law:** In June 1996, the United States Supreme Court held that political parties have a First Amendment right to speak independently of candidates and campaigns by making independent expenditures. *Colorado Republican Campaign Committee v. Federal Election Commission*, 116 S. Ct. 2309 (1996). To be independent, such expenditures cannot be arranged, coordinated or directed by a candidate or his agent prior to broadcast. 11 C.F.R. § 109.1.

**Discussion:** It is clear that the Democratic Farmer Labor Party of Minnesota does not agree with, or like, the Supreme Court's *Colorado Republican* decision. But this dislike does not mean a violation took place here. Indeed, as the uncontroverted sworn statement of PFB campaign manager Jon Lerner demonstrates, PFB did not violate the Act or the Commission's Regulations.

Mr. Lerner's uncontroverted sworn testimony states: "At no time did People for Boschwitz or anyone associated with People for Boschwitz, arrange, coordinate with, or direct anyone from the NRSC independent expenditures unit concerning the ads at issue." Lerner Aff. ¶ 4. The uncontroverted sworn statement of Mr. Reed of Greg Stevens and Company confirms this. Reed Aff. ¶ 6.

Furthermore, Mr. Lerner states that: "I know of no one in any way associated with People for Boschwitz who knew about the existence of the ads before they were broadcast by Minnesota stations. I personally knew about the ads only from seeing them on television." *Id.* Nor did anyone at the campaign have "any advance knowledge of, or knew anything about, the ads at issue before they were broadcast on Minnesota television stations." Lerner Aff. ¶ 6; see also Reed Aff. ¶ 4.

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The complaint also makes much of the fact that Arthur Finklestein was a consultant to both PFB and the NRSC. Mr. Lerner's sworn statement states: "[N]either I nor anyone else I know of associated in any way with People for Boschwitz had any conversations with Mr. Finklestein about any NRSC independent expenditures until after they began airing and we consulted with him about how the campaign should react and respond." Lerner Aff. ¶ 8. The Democratic Party knows that Mr. Finklestein consulted for both entities because both fully reported to the Commission his involvement with their respective organizations. Mr. Lerner knows of no impermissible coordination by Mr. Finklestein between PFB and the NRSC independent expenditures unit. Lerner Aff. ¶¶ 8, 9.<sup>L</sup>

The complaint's flawed reasoning over use of the terms "embarrassing liberal" is discussed above at pages 1-2. In addition, Mr. Lerner notes that PFB used that word not as part of some grand coordination scheme, but "because, in the case of our opponent, it is demonstrably true." Lerner Aff. ¶ 10. Wellstone embraced the term, and re-used it himself.

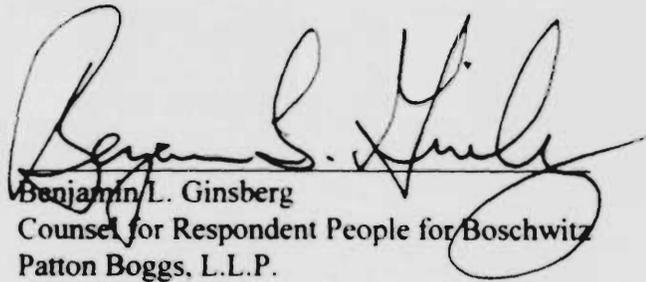
In a larger sense, the filing of this complaint by an arm of the Democratic Party is surprising. As the article attached as Exhibit 4 indicates, the DSCC itself ran independent expenditures on behalf of its candidates, but without even creating the separate, independent unit that the NRSC did. In other words, while media reports indicate that the NRSC's independent expenditures were done by a separate independent expenditures unit in order to comply with the Supreme Court's ruling and 11 C.F.R. § 109.1, see also Lerner Aff. ¶ 7, the DSCC's independent

<sup>L</sup> Even if the Commission finds, as respondent believes it cannot, that the expenditures at issue were coordinated and not independent, respondent maintains that the NRSC has a First Amendment right to spend unlimited amounts on its candidates. *See Colorado Republican Campaign Committee v. Federal Election Commission*, 116 S. Ct. 2309, 2322-23 (1996) (Kennedy, J. concurring in judgment and dissenting in part).

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expenditures were done by the very same people who talked daily with their campaigns. See Exhibit 4.

**Conclusion:** For the foregoing reasons, the Commission should find no reason to believe that PFB violated the Act and this complaint should be dismissed. As the unrefuted sworn testimony states, there was no improper coordination between PFB and the NRSC independent expenditures unit. Indeed, the activity here by People for Boschwitz does not violate any law or regulation.



Benjamin L. Ginsberg  
Counsel for Respondent People for Boschwitz  
Patton Boggs, L.L.P.  
2550 M Street, N.W.  
Washington, D.C. 20037  
(202) 457-6000

23043361000

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF )  
 )  
 People for Boschwitz ) MUR 4507  
 )  
 )

Rick Reed, being duly sworn, deposes and states as follows:

1. My name is Rick Reed and I am familiar with the charges made in Federal Election Commission Matter Under Review 4507.
2. I am a senior vice president of Greg Stevens & Company and, in that capacity, was in charge for the company of the political advertising for the People for Boschwitz Committee.
3. I worked with and took direction from Jon Lerner, the campaign manager.
4. We became aware of the independent expenditures that aired in connection with the Boschwitz-Wellstone race from seeing them on television.
5. Neither I nor anyone from my company had any involvement with or advance knowledge of the National Republican Senatorial Committee's independent expenditures unit's ads in Minnesota.
6. Neither I nor anyone from my company directly or indirectly consulted with, coordinated with or exchanged requests or suggestions concerning any independent expenditure efforts in the Minnesota Senate race.

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I swear that the proceeding statements are true to the best of my knowledge, information and belief.

*Rick Reed*

Rick Reed

SUBSCRIBED AND SWORN to before me this 17<sup>th</sup> day of DECEMBER, 1996.

*[Signature]*

Notary Public

My Commission Expires:

9/30/99

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MMV

**"ARMS"**

Since he's been in Washington, Paul Wellstone has cast one liberal vote after another.

He voted against a balanced budget amendment.

He voted against the death penalty for murderers, terrorists, and drug kingpins.

And he's voted against workfare time and again.

Paul Wellstone voted for higher taxes 48 times, even voting to raise taxes on some social security benefits.

And he's rated the number one spender in the entire Senate.

Paul Wellstone. Embarrassingly liberal, and out of touch.

9 3 0 4 3 8 6 1 2 2 3

**"HALL OF FAME"**

Ladies and gentlemen. Paul Wellstone has voted consistently for more taxes, more government, and more welfare.

So today I am proud to announce that Paul Wellstone is officially a member of the 1967 Liberal Hall of Fame.

Paul Wellstone. Embarrassingly liberal, and decades out of touch.

9 8 0 4 3 3 6 1 9 9 4

**"PAUL'S FRIENDS"**

**Incredible but true.**

**Paul Wellstone voted to keep funding for a study of how sheep eat weeds.**

**Paul Wellstone, embarrassingly liberal.**

9 3 0 4 3 8 6 1 9 9 5

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF )  
 )  
 People for Boschwitz ) MUR 4507  
 )  
 )

Jon Lerner, being duly sworn, deposes and states as follows:

1. My name is Jon Lerner and I live at 401 South First Street in Minneapolis, Minnesota.

2. Beginning in June 1995 I served as campaign manager of People for Boschwitz, the principal campaign committee for Rudy Boschwitz's campaign for the United States Senate from Minnesota in the 1996 election. In that capacity, I was responsible for overseeing all aspects of the campaign, including advertising, message development, overall political strategy, and fundraising.

3. The complaint at issue in Federal Election Commission Matter Under Review 4507 concerns ads broadcast by an independent expenditures unit of the National Republican Senatorial Committee ("NRSC"). It also discusses some ads broadcast by People for Boschwitz.

4. The complaint alleges that the ads run by the NRSC's independent expenditures unit, which were identified in their disclaimer as being independent expenditures, were somehow improperly coordinated with People for Boschwitz. This allegation is false. At no time did People for Boschwitz or anyone associated with People for Boschwitz, arrange, coordinate with, or direct anyone from the NRSC's independent expenditures unit concerning the ads at issue. I know of no one in any way associated with People for Boschwitz who knew about the existence of the ads

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before they were broadcast by Minnesota stations. I personally knew about the ads only from seeing them on television.

5. I know of no one associated in any way with People for Boschwitz who provided any information to, or coordinated in any way with, anyone at the NRSC concerning these ads. No one that I know of at People for Boschwitz provided any information about our candidates plans, projects or needs to the NRSC independent expenditures unit.

6. No one that I know of at People for Boschwitz had any advance knowledge of, or knew anything about, the ads at issue before they were broadcast on Minnesota television stations.

7. The only knowledge that People for Boschwitz had about the NRSC doing independent expenditures came from media reports that the NRSC had set up an independent expenditures unit. All persons we dealt with at the NRSC were studious to avoid any conversations with us about independent expenditures. We had no contact whatsoever with the NRSC independent expenditures unit or any of its personnel.

8. Although the complaint in this MUR discusses Arthur Finklestein, neither I nor anyone else I know of associated in any way with People for Boschwitz had any conversations with Mr. Finklestein about any NRSC independent expenditures until after they began airing and we consulted with him about how the campaign should react and respond.

9. No one at People for Boschwitz had any role in creating the NRSC independent expenditures or in funding, or finding funding for, the NRSC independent expenditures.

10. The complaint filed in this matter makes much use of the fact that People for Boschwitz used the word "liberal" to describe our opponent. We used that word because, in the case of our opponent, it is demonstrably true.

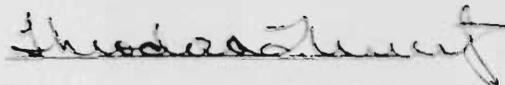
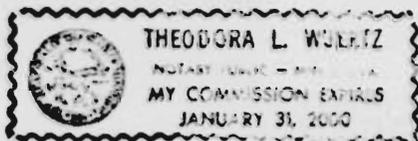
93043361997

I swear that the proceeding statements are true to the best of my knowledge, information and belief.



Jon Lerner

SUBSCRIBED AND SWORN to before me this 16 day of December, 1996.



Notary Public

My Commission Expires:

1-31-2000

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# POLITICS

21, 1996

PAGE 11

## 'Independent' Money

# Let the Hand-Wringing Begin Now That Both Parties Spent Big on Senate Contests

By Tim Curran

In September, Sen. Bob Kerrey (D-Neb) took the Federal Election Commission to court, warning of "anarchy" in the new flood of GOP money flowing to so-called "independent expenditures."

But in October, after months of arguing that the Republicans should not be allowed to make such expenditures on behalf of GOP Senate candidates, Kerrey's own Democratic Senatorial Campaign Committee joined the fray.

The DSCC made more than \$1.2 million in such expenditures in the final days before the Nov. 5 election, meaning that both parties have now appeared to embrace a new avenue for campaign spending that didn't exist before a Supreme Court decision this June.

More legal maneuvering and FEC hand-wringing are sure to follow over the independent expenditures — including over whether they really meet the definition of "independent."

And if campaign reform becomes a reality in the 105th Congress or if the FEC clarifies the law on party inde-



Photo by Laura J. ...

DSCC Chairman Bob Kerrey (right) joined in the independent spending game, even though his committee had filed suit to stop the practice. At left, DSCC attorney Bob ...

pendent expenditures, such spending may fade from the scene as quickly as it moved to the center of the debate this year.

But both Democrats and Republicans will each get at least one more crack at making independent expenditures this year in the struggle for the seats of Texas freshman Reps. Ken Bentsen (D) and Steve Stockman (R),

both of whom face Dec. 10 runoff.

The DSCC focused its late spending spree on races for Republican-held seats in Oregon, Maine, New Hampshire, and Kansas — all losing efforts — but it also spent heavily to help Democrat Max Cleland narrowly win the seat of retiring Sen. Sam Nunn (D) in Georgia.

Continued on page 14

## Bragging Rights Go to Staffer In Roll Call Contest



# Independent Spending Gets Another Shot in Texas

Continued from page 11

At the same time the DSCC was doling out its \$1.2 million, a largely unreported phenomenon in the campaign's final days, the National Republican Senatorial Committee was in the process of spending roughly four times that amount — about \$5.5 million — to boost its own hopefuls in more than a dozen states with competitive Senate contests.

The spending war began after the Supreme Court struck down the prohibition on party independent expenditures. DSCC Chairman Kerrey initially resisted the idea of having his committee engage in such spending, arguing that it was impossible not to have coordination between a campaign committee and candidates it had worked with for more than a year.

But when the FEC failed to establish guidelines on such spending by parties and it be-

came apparent how much the NRSC was planning to put into key Senate contests, Kerrey changed his mind.

The FEC, hamstrung by a vacancy on its bipartisan, six-member commission, couldn't get four votes to approve its general counsel's recommendation. The general counsel, as Kerrey noted earlier this fall, had written an opinion stating "categorically that political parties cannot make independent expenditures."

But that ruling never went into effect. As a result, Kerrey said as the DSCC took the FEC to court to force action, "Now you've got a wide open playing field that says, 'We want anarchy.'"

Kerrey and Democratic election-law experts predicted that the such spending would eventually be ruled improper after the elections. Now, they're almost certain to find out whether that's true.

On Oct. 25, the DSCC made its first independent expenditures, mounting ad campaigns against GOP open seat candidates in Kansas, Oregon, Maine, and Georgia and against New Hampshire Sen. Bob Smith (R).

In all, the DSCC would spend \$319,000 attacking Rep. Sam Brownback (R-Kansas) and \$43,000 supporting Democrat Jill Docking in the race for the remainder of Bob Dole's (R) Senate term. Almost \$358,000 went to ads against businessman Guy Millner (R) in the Georgia Senate race, \$384,000 was spent against Republican Gordon Smith in Oregon, \$100,000 against Smith in New Hampshire, and another \$30,000 was leveled at Maine open-seat candidate Susan Collins (R).

The NRSC had already spent millions in states like Rhode Island, Wyoming, Minnesota, and Louisiana starting in August.

More than \$700,000 was spent in Louisiana alone to influence the outcome of that state's Sept. 21 open primary, with ads lashing the two leading Democratic candidates and boosting state Rep. Woody Jenkins (R).

That spending is probably the primary reason Jenkins was able to prevail in the open primary despite the fact that he trailed both Democrats Mary Landrieu and Richard Ieyouh in pre-election polls.

But the NRSC really opened the floodgates in the last two weeks of October. More than \$736,000 went to ads attacking Landrieu. Another \$850,000 went to prop up Smith in Oregon. Brownback was the beneficiary of almost \$435,000 in late NRSC money, \$207,000 went to support Collins in Maine, \$231,000 was aimed at the open-seat race in Arkansas, and \$378,000 at the seat of retiring Sen. Howell Heflin (D-Ala).

More than \$200,000 was spent to benefit Rep. Wayne Allard (R) over Democrat Tom Strickland in Colorado, another \$747,000 was spent against ex-Rep. Dick Swett (D) in New Hampshire, and another \$361,000 targeted Nebraska Gov. Ben Nelson (D) in his quest to replace retiring Sen. Jim Exon (D).

The NRSC estimates that it spent between \$11 million and \$12 million on independent expenditures and another \$7 million on "legislative advocacy" spots, which do not have to be reported.

In the end, the NRSC was on the winning end of almost every contest that saw the committee spend heavily late in the game. The only exceptions were in South Dakota, where Rep. Tim Johnson (D) beat Sen. Larry Pressler (R); Rhode Island, with heavy Republican spending barely creating a bump in Rep. Jack Reed's (D) road to the Senate; Georgia, where \$321,000 in independent ads for Millner in the primary and \$222,000 in independent expenditures was proving to be enough to allow Rep. Jim Lightfoot (R) to catch Sen. Tom Harkin (D).

## Shop Talk: Political Strategist Passes on Fame

Continued from page 11

members outweighed the interest in disclosure requirements.

The SWP's original exemption runs out Dec. 31, 1996.

A Nov. 1 letter that lawyers for the Socialist Workers Party sent to the FEC details 21 incidents of harassment of SWP members between 1990 and 1996, ranging from overturned sidewalk tables to an arson attack in 1995 on SWP offices in Des Moines.

For example, this past summer, police in Miami "disrupted a discussion of political issues between the SWP candidate for Congressional District 17 and several interested individuals," the letter stated. (That's Rep.

the campaign and its right to distribute literature. The intimidating police presence dissuaded those who had been in the process of signing up for more information," the letter detailed.

**What Ailes You?** Former GOP political strategist Roger Ailes turned down an invitation to join the American Association of Political Consultants Hall of Fame, USA Today recently reported.

Ailes, who makes a living these days as the president of Fox News, told the paper that isn't how he views himself anymore.

"Once I move on, I move on," he told the paper.

hind, but it's still very much on his mind. The former Clinton War Room strategist who rose to stardom along with his partner, James Carville, recently wrote an op-ed for the Austin American Statesman on negative campaigning.

The Democratic strategist wrote that he's "convinced that the tide is turning against the politics of personal destruction."

Still, Begala argues, too many political operatives believe in the "personal is political" approach to campaigning.

"There was a time when aides to Democratic Sen. Lloyd Bentsen [Texas] would go out for a drink after work with aides to Republican Sen. John Tower [Texas]. Now the same goes for aides from opposing parties," Begala wrote.

**Of Prison and Jail.** GOP consultant Lyn Nofziger has accused D.C. ...

9 3 0 4 3

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use to run into each other to whom they're swapping subpoenas." Begala wrote:

Of Prison and Jail. GOP consultant Lyn Nofziger has accused Rep.-elect Ted Strickland (D-Ohio) of libeling him in a press release, and he's threatening to sue the returning Congressman.

Nofziger created an ad for the independent group Citizens for the Republican Education Fund that accused Strickland, a former prison psychologist, of favoring inmates' safety over that of guards in the 1993 Lucasville Prison riot.

In response to that ad, Strickland's campaign put out a pre-election press release attacking Nofziger.

But the former Reagan Administration honcho — and his attorneys — vehemently objected to a section of the press release that quoted an article from the Arkansas Democrat-Gazette where he was referred to as "Nofziger, the gruff and goateed one-time political director for Reagan who did a little jail time for ethics violations."

In fact, Nofziger never spent any time in jail and has never been accused of any sort of campaign violations. The former Reagan political adviser was convicted in 1988 under the Ethics in Government Act on three charges of illegally trying to lobby White House officials, but that conviction was overturned on appeal in 1989.

Nofziger attorney Paul Perito, of Paul, Hastings, Janofsky & Walker LLP, sent Strickland a threatening letter, saying "We intend to hold you and your campaign staff personally responsible for any and all injury which has resulted from or which will result from your inappropriate and tortious conduct," according to a copy of the missive obtained by the newsletter Inside the New Congress.

Strickland's campaign did print a new release retracting the remark and admitted it was false. However, Nofziger's lawyers protested that release, too, because it re-stated the false allegations.

Nofziger did not return calls seeking comment on the matter.

\$21,000 in late ads couldn't save Mallory in a tight contest and barely with \$372,000 in independent expenditures not proving to be enough to allow Rep. Jim Lightfoot (R) to catch Sen. Tom Harkin (D).

But Democrats have said they may try to prove that improper coordination existed between the NRSC and GOP Senate candidates, making the expenditures not really "independent."

In a press release issued shortly after the election, the DSCC charged that strategist Arthur Finkelstein, whom NRSC Chairman Alfonse D'Amato (NY) has described as his "guru" and in a paid consultant to the committee, was a link between the NRSC and many campaigns.

Finkelstein worked for several Senate candidates who received NRSC independent expenditures, including New Jersey Rep. Dick Zimmer, Nancy Mayer in Rhode Island, Sen. Smith, former Sen. Rudy Boechwiltz (Miss), and Presler. Smith was the only winner on election night.

"Finkelstein was able to convince D'Amato to spend millions of dollars on negative television ads in states" where his clients were running, charged the Democrats' press release, alleging with "Finkelstein working for both candidates and the NRSC, that 'independence' has become questionable."

DSCC communications director Steve Jarding said last week that the committee is considering filing a complaint with the FEC alleging coordination between the committee and campaigns through Finkelstein.

But Republicans took great pains to stress to the media when they established their independent expenditure unit that there would be no crossover between the two entities. According to the NRSC, the new unit was housed in separate downtown office space, staff in the two offices were not allowed to interact, and consultants could not have contact with both entities.

But Jarding said that "totally ignor[es] the whole Finkelstein connection."

"It very well may come to pass that something may be filed because there are very strong hints there," Jarding said. "On its face...it looks suspect."

**BEFORE THE FEDERAL ELECTION COMMISSION**

FEB 11 3 20 1993

In the Matter of

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CASE CLOSURES UNDER  
ENFORCEMENT PRIORITY

**GENERAL COUNSEL'S REPORT**

**I. INTRODUCTION.**

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

**II. CASES RECOMMENDED FOR CLOSURE.**

**A. Cases Not Warranting Further Action Relative to Other Cases Pending Before the Commission**

EPS was created to identify pending cases which, due to the length of their pendency in inactive status or the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria which results in a numerical rating of each case.

Closing cases permits the

Commission to focus its limited resources on more important cases presently

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pending before it. Based upon this review, we have identified 16 cases that do not warrant further action relative to other pending matters.<sup>1</sup> The attachment to this report contains summaries of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

### B. Stale Cases

Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more remote in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more difficult to develop as it ages. Focusing investigative efforts on more recent and more significant activity also has a more positive effect on the electoral process and the regulated community. In recognition of this fact, EPS provides us with the means to identify those cases which remained unassigned for a significant period due to a lack of staff resources for effective investigation. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources.

<sup>1</sup> These cases are MUR 4631 (Perot/McClure), MUR 4661 (Cox and Amplicon, Inc.), MUR 4667 (Specter & Greenwood), MUR 4668 (Schakowsky for Congress), MUR 4672 (Friends of John O'Toole), MUR 4673 (Papan for Assembly), MUR 4676 (Warren County Democratic Committee), MUR 4677 (Patrick Kennedy), MUR 4681 (Jack Block), MUR 4683 (Janice Schakowsky for Congress), MUR 4684 (Spartanburg County Republicans), MUR 4694 (Jan Schakowsky for Congress), MUR 4695 (Schakowsky for Congress), MUR 4696 (Janice Schakowsky for Congress), MUR 4703 (Dumont Institute / Robert M. Cree), and Pre-MUR 356 (Pritzker for Congress).

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We have identified cases which have remained on the Central Enforcement Docket for a sufficient period of time to render them stale. We recommend 27 of these cases be closed.<sup>3</sup> Nine of these cases were part of the so-called "Major 96" cases that have not been able to be activated due to a lack of resources to effectively pursue them in a timely fashion.<sup>4</sup> Since the time period rendering them stale has now passed, we recommend their closure at this time.

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective February 24, 1998. Closing

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<sup>3</sup> These cases are MUR 4350 (*Republican Party of Minnesota*), MUR 4355 (*Aqua-Leisure Industries, Inc.*), MUR 4372 (*Nebraska Democratic Party*), MUR 4394 (*Americans for Term Limits*), MUR 4472 (*Committee to Elect Winston*), MUR 4483 (*Nebraska Democratic State Central Committee*), MUR 4504 (*NH Democratic State Party Committee*), MUR 4507 (*People for Boschultz*), MUR 4509 (*Wellstone for Senate*), MUR 4565 (*Bell for Congress*), MUR 4570 (*Congresswomen Andrea Srastrand*), MUR 4571 (*Sibert for Congress Committee*), MUR 4572 (*Friends of Dick B. Durbin*), MUR 4575 (*Dana Corrington*), MUR 4585 (*Hughes for Congress Committee*), MUR 4589 (*Congressman Bart Gordon*), MUR 4592 (*Iowa Public Teleforum*), MUR 4593 (*Public Interest Institute*), MUR 4599 (*Bruce W. Hopwood*), MUR 4601 (*Charter Nation of Oklahoma*), MUR 4602 (*WFSB-TV Channel 3*), MUR 4604 (*Dana Corrington*), MUR 4605 (*Christian Coalition*), Pre-MUR 346 (*Coalition of Politically Active Christians*), RAD 96NF-09 (*O'Sullivan for Congress*), RAD 96L-12 (*Alaska Democratic Party*), and RAD 97NF-02 (*Zien for Congress*).

<sup>4</sup> These cases are MUR 4350 (*Republican Party of Minnesota*), MUR 4372 (*Nebraska Democratic Party*), MUR 4394 (*Americans for Term Limits*), MUR 4472 (*Committee to Elect Winston*), MUR 4483 (*Nebraska Democratic State Central Committee*), MUR 4504 (*NH Democratic State Party Committee*), MUR 4507 (*People for Boschultz*), MUR 4509 (*Wellstone for Senate*), and MUR 4565 (*Bell for Congress*).

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these cases as of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective February 24, 1998, and approve the appropriate letters in the following matters:

- |                |                |                |
|----------------|----------------|----------------|
| 1. RAD 96NF-09 | 3. RAD 97NF-02 | 5. Pre-MUR 356 |
| 2. RAD 96L-12  | 4. Pre-MUR 346 |                |

B. Take no action, close the file effective March 2, 1998, and approve the appropriate letters in the following matters:

- |              |              |              |
|--------------|--------------|--------------|
| 1. MUR 4350  | 14. MUR 4575 | 27. MUR 4668 |
| 2. MUR 4355  | 15. MUR 4585 | 28. MUR 4672 |
| 3. MUR 4372  | 16. MUR 4589 | 29. MUR 4673 |
| 4. MUR 4394  | 17. MUR 4592 | 30. MUR 4676 |
| 5. MUR 4472  | 18. MUR 4593 | 31. MUR 4677 |
| 6. MUR 4483  | 19. MUR 4599 | 32. MUR 4681 |
| 7. MUR 4504  | 20. MUR 4601 | 33. MUR 4683 |
| 8. MUR 4507  | 21. MUR 4602 | 34. MUR 4684 |
| 9. MUR 4509  | 22. MUR 4604 | 35. MUR 4694 |
| 10. MUR 4565 | 23. MUR 4605 | 36. MUR 4695 |
| 11. MUR 4570 | 24. MUR 4631 | 37. MUR 4696 |
| 12. MUR 4571 | 25. MUR 4661 | 38. MUR 4703 |
| 13. MUR 4572 | 26. MUR 4667 |              |

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2/24/98

Date

Lawrence M. Noble

Lawrence M. Noble  
General Counsel



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W EMMONS/LISA R. DAVIS  
COMMISSION SECRETARY

DATE: FEBRUARY 19, 1998

SUBJECT: Case Closures Under Enforcement Priority. General  
Counsel's Report dated February 11, 1998.

The above-captioned document was circulated to the Commission  
on Thursday, February 12, 1998

Objection(s) have been received from the Commissioner(s) as  
indicated by the name(s) checked below.

- Commissioner Aikens —
- Commissioner Elliott —
- Commissioner McDonald XXX
- Commissioner McGarry —
- Commissioner Thomas XXX

This matter will be placed on the meeting agenda for  
Tuesday, February 24, 1998

Please notify us who will represent your Division before the Commission on this  
matter.

93043362003

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) Agenda Document  
Case Closures Under ) No. X98-13  
Enforcement Priority )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on February 24, 1998, do hereby certify that the Commission took the following actions with respect to Agenda Document No. X98-13:

1. Failed in a vote of 3-2 to pass a motion to approve the General Counsel's recommendations, subject to amendment of the closing date in recommendation A to read March 2, 1998, and subject to deletion of those cases listed in footnote 4 on Page 3 of the staff report.

Commissioners McDonald, McGarry, and Thomas voted affirmatively for the motion. Commissioners Aikens and Elliott dissented.

2. Decided by a vote of 5-0 to

A. Decline to open a MUR, close the file effective March 2, 1998, and approve the appropriate letters in the following matters:

- |                |                |
|----------------|----------------|
| 1. RAD 96NF-09 | 4. Pre-MUR 346 |
| 2. RAD 96L-12  | 5. Pre-MUR 356 |
| 3. RAD 97NF-02 |                |

(continued)

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B. Take no action, close the file effective March 2, 1998, and approve the appropriate letters in the following matters:

- |              |              |
|--------------|--------------|
| 1. MUR 4350  | 20. MUR 4601 |
| 2. MUR 4355  | 21. MUR 4602 |
| 3. MUR 4372  | 22. MUR 4604 |
| 4. MUR 4394  | 23. MUR 4605 |
| 5. MUR 4472  | 24. MUR 4631 |
| 6. MUR 4483  | 25. MUR 4661 |
| 7. MUR 4504  | 26. MUR 4667 |
| 8. MUR 4507  | 27. MUR 4668 |
| 9. MUR 4509  | 28. MUR 4672 |
| 10. MUR 4565 | 29. MUR 4673 |
| 11. MUR 4570 | 30. MUR 4676 |
| 12. MUR 4571 | 31. MUR 4677 |
| 13. MUR 4572 | 32. MUR 4681 |
| 14. MUR 4575 | 33. MUR 4683 |
| 15. MUR 4585 | 34. MUR 4684 |
| 16. MUR 4589 | 35. MUR 4694 |
| 17. MUR 4592 | 36. MUR 4695 |
| 18. MUR 4593 | 37. MUR 4696 |
| 19. MUR 4599 | 38. MUR 4703 |

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

2-25-98  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 2, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mark Andrew  
Democratic-Farmer-Labor Party  
352 Wacouta Street  
St. Paul, MN 55101

RE: MUR 4507

Dear Mr. Andrew:

On October 11, 1996, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action in the matter. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 2, 1998. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437(g)(a)(8).

Sincerely,

A handwritten signature in black ink, appearing to read "F. Andrew Turley".

F. Andrew Turley  
Supervisory Attorney  
Central Enforcement Docket

98043862002



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 2, 1998

Benjamin L. Ginsberg, Esq.  
Patton Boggs, L.L.P.  
2550 M Street, NW  
Washington, DC 20037-1350

RE: MUR 4507  
People for Boschwitz and Scott Johnson, Treasurer

Dear Mr. Ginsberg:

On October 21, 1996, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your clients. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 2, 1998.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Jennifer H. Boyt on our toll-free number, (800)-424-9530. Our local number is (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Andrew Turley".

F. Andrew Turley  
Supervisory Attorney  
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 2, 1998

Jan Witold Baran, Esq.  
Wiley, Rein & Fielding  
1776 K Street, NW  
Washington, DC 20006

RE: MUR 4507  
National Republican Senatorial Committee and J.  
Stanley Huckaby, Treasurer

Dear Mr. Baran:

On October 21, 1996, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your clients. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 2, 1998.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Jennifer H. Boyt on our toll-free number, (800)-424-9530. Our local number is (202) 694-1650.

Sincerely,

F. Andrew Turlay  
Supervisory Attorney  
Central Enforcement Docket

98043862011



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 2, 1998

Bobby R. Burchfield, Esq.  
Covington & Burlington  
1201 Pennsylvania Avenue, NW  
P.O. Box 7566  
Washington, DC 20044-7566

RE: MUR 4507  
Arthur J. Finkelstein

Dear Mr. Burchfield:

On October 21, 1996, the Federal Election Commission notified your client of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your client. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 2, 1998.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Jennifer H. Boyt on our toll-free number, (800) 424-9530. Our local number is (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "F. Andrew Turley".

F. Andrew Turley  
Supervisory Attorney  
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4507

DATE FILMED 3/11/98 CAMERA NO. 2

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